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ABSTRACT

This Congressional report contains the testimony and documents presented for the record of a hearing to gather input regarding the Strengthening Working Families Act of 2001, which was drafted to provide the assistance needed by former welfare recipients and other poor working parents to remain employed and advance in the labor market. The following are among the agencies and organizations represented at the hearing: Goodwill of Acadiana (Opelousas, Louisiana); Center for Fathers, Families, and Workforce Development (Baltimore, Maryland); Welfare to Work Partnership (Washington, DC); Catholic Charities (Alexandria, Virginia); United Way of Southeastern Pennsylvania (Philadelphia, Pennsylvania); Child Welfare League of America; M.A.R.C.H, Inc. (Mediation Achieving Results for Children); and Center for Law and Social Policy. The following are among the topics discussed by witnesses: changes in employment levels and poverty levels since passage of the Personal Responsibility and Work Opportunities Reconciliation Act; the need to make sure that working poor families are better off financially than before they started on welfare; the problems that former welfare recipients and other poor workers with families face with regard to affording housing, food, transportation, child care, and health care; the effectiveness of block grants; and the role of work supports and education in boosting job retention and worker advancement. (MN)

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S. HRG. 107–365

STRENGTHENING WORKING FAMILIES ACT OF 2001

ED 467 880

HEARING

BEFORE THE

SUBCOMMITTEE ON SOCIAL SECURITY AND FAMILY POLICY

OF THE

COMMITTEE ON FINANCE UNITED STATES SENATE

ONE HUNDRED SEVENTH CONGRESS

FIRST SESSION

ON

S. 685

OCTOBER 11, 2001

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CONTENTS

OPENING STATEMENTS

	Page
Breaux, Hon. John B., a U.S. Senator from Louisiana, chairman, Subcommittee on Social Security and Family Policy	1
Kyl, Hon. Jon, a U.S. Senator from Arizona	2
Thomas, Hon. Craig, a U.S. Senator from Wyoming	3

CONGRESSIONAL WITNESSES

Bayh, Hon. Evan, a U.S. Senator from Indiana	3
Carper, Hon. Thomas, a U.S. Senator from Delaware	14

PUBLIC WITNESSES

Purgham, Sandra, testifying on behalf of Mary Frank, representative of Goodwill of Acadiana, Opelousas, LA	5
Belton, Freddie, client of the Center for Fathers, Families, and Workforce Development, Baltimore, MD	7
Carroll, Rodney, CEO, Welfare to Work Partnership, Washington, DC	17
Daly, Sharon, vice president, Catholic Charities, Alexandria, VA	20
James-Brown, Christine, president and CEO, United Way of Southeastern Pennsylvania, Philadelphia, PA	24

ALPHABETICAL LISTING AND APPENDIX MATERIAL

Bayh, Hon. Evan:	
Testimony	3
Belton, Freddie:	
Testimony	7
Prepared statement	35
Breaux, Hon. John B.:	
Opening statement	1
Prepared statement	35
Carper, Hon. Thomas:	
Testimony	14
James-Brown, Christine:	
Testimony	24
Prepared statement	36
Carroll, Rodney:	
Testimony	17
Prepared statement	39
Daly, Sharon:	
Testimony	20
Prepared statement	42
Kyl, Hon. Jon:	
Opening statement	2
Purgham, Sandra:	
Testimony	5
Thomas, Hon. Craig:	
Opening statement	3

Page

COMMUNICATIONS

Child Welfare League of America 53
M.A.R.C.H., Inc. (Mediation Achieving Results for Children) 55
Center for Law and Social Policy 58

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STRENGTHENING WORKING FAMILIES ACT OF 2001

THURSDAY, OCTOBER 11, 2001

U.S. SENATE,
COMMITTEE ON FINANCE,
SUBCOMMITTEE ON SOCIAL SECURITY AND FAMILY POLICY
Washington, DC.

The hearing was convened, pursuant to notice, at 2:38 p.m., in room 215, Dirksen Senate Office Building, Hon. John B. Breaux (chairman of the subcommittee) presiding.

Present: Senators Rockefeller, Kyl, and Thomas.

Also present: Senators Bayh and Carper.

OPENING STATEMENT OF HON. JOHN BREAUX, A U.S. SENATOR FROM LOUISIANA, CHAIRMAN, SUBCOMMITTEE ON SOCIAL SECURITY AND FAMILY POLICY

Senator BREAUX. The committee will please be in order. Thank you. I apologize for being tardy, and will be subject to appropriate penalties.

I want to thank Senator Kyl, particularly, and our colleagues for being with us, and also some of our members who are now on the committee because of their interest.

What we are trying to do with these hearings, is to look at what we have done as a result of welfare reform. In many States, my own included, we have made great progress in reducing the number of people who are on welfare. But, at the same time, we have experienced huge increases in the number of people who live in poverty.

If you measure success by the number of people who are off the welfare rolls, you get one answer as to the success of welfare reform. If the measure is, do you have fewer people living in poverty, you perhaps could get a different answer. Certainly, in my State you would, in fact, get a different answer.

Louisiana, my State, was one of three States that have had their median income decrease since the last Census. We have a lot fewer people on welfare, but we have a lot more poor people who have to depend on child care, transportation, and food from other sources. It has been a very big problem.

We have been working closely with Senator Bayh and his outstanding efforts on the Strengthening Working Families will, which I think represents a real broad perspective of what we in the Federal Government can do to address this problem. It includes a number of very, very important features, which I support.

We want to take a look, today, at where we are, what progress we are making, and also what we can do to make sure that the children of parents who formerly were on welfare are not in some way the victims of the success of the welfare reform program. That is what we want to talk about today.

[The prepared statement of Senator Breaux appears in the appendix.]

Senator BREAUX. Senator Kyl, do you have a comment?

OPENING STATEMENT OF HON. JON KYL, A U.S. SENATOR FROM ARIZONA

Senator KYL. Yes. Thank you, Mr. Chairman. Thank you for holding this hearing. I am very pleased that these witnesses are here.

I want to be able to explain, since I am only going to be able to be here a short time, that I have the book with the witnesses' testimony, and I appreciate that very much.

There are some personal things that I wanted to tell you because of some connections that I have with some of the things that you have done. But let me just say that I thank you for sharing your real-life experiences with us.

That is part of what we need to hear here in the Congress, and especially to focus on how we can promote responsible fatherhood and, as the Chairman said, both deal with reducing welfare rolls and the question of poverty. You have to look at both.

It has been 5 years since the Personal Responsibility and Work Opportunity Reconciliation Act was signed into law. That is the fancy name for welfare reform. The figures show that, since 1996, we have seen the biggest decline in welfare participation since 1954.

On the poverty side of it, at least nationwide, according to Census Bureau figures, there are 4.2 million fewer people, including 2.3 million fewer children, living in poverty today than were living below the poverty line in 1996.

But, as the Chairman, I am sure, would say, that only tells part of the story. We are here to hear, obviously, the rest of the story today.

So as we approach the reauthorization of welfare programs next year, it is a good thing for us to be holding hearings now to focus on what has worked the best, how best to help people either avoid or get off welfare and gain productive employment, and also to look closely at the policies and programs that have not worked as well.

So, I look forward to working with Chairman Breaux and other members of the subcommittee on any of the proposals that might come forward on how we can approach our work.

Again, I would look forward to hearing from all of you today, but I will examine the testimony that I have not yet read at the conclusion of the hearing, and anything else that any of you might wish to submit.

So, thank you for being here today.

Senator BREAUX. Thank you very much, Senator Kyl.

Senator Thomas, do you have a statement?

OPENING STATEMENT OF HON. CRAIG THOMAS, A U.S. SENATOR FROM WYOMING

Senator THOMAS. Thank you for holding this hearing. I guess we are all interested, of course, in what we can do to strengthen families and to do some of those things. But I hope you will address a little bit this issue, that we do have fewer people on welfare. In the last decade, we have increased welfare spending by about 61 percent, very substantially.

So I guess the question is, are we dealing with the proper questions? Are we putting our resources where they need to be to give people an opportunity to take care of themselves, and so on?

So, we look forward to your testimony, and thank you for being here.

Senator BREAUX. Senator Bayh, do you have a comment? We are glad to have you as a temporary member of the committee.

STATEMENT OF HON. EVAN BAYH, A U.S. SENATOR FROM INDIANA

Senator BAYH. Thank you, Mr. Chairman.

I was going to say, as you may know, I have expressed my interested to the Majority Leader, Senator Daschle, on more than one occasion about possibly serving on this committee at some point.

So if, the next time you see him, you can say I looked right at home here, I would be very grateful to you. [Laughter.]

But it is good to be with you, Mr. Chairman. I want to thank you and Senator Kyl for calling this hearing, and Senator Thomas, for you interest in this subject matter as well.

We have 15 co-sponsors of this legislation, including, Mr. Chairman, seven members of this committee. I want to thank you and the other members for your interest in this very important issue.

Of course, much has changed since the tragic events of September 11th. Our Nation has focused more externally than internally. We are focused more on security issues than some domestic priorities.

But I think it is important, Mr. Chairman, that we look beyond the valley and try and see the issues that we will ultimately return to once the current crisis has been adequately addressed.

It is important, Mr. Chairman, that we build a society that is not only strong and secure, but that is also decent, compassionate, and just. That is the purpose of this legislation.

It is a timely hearing, Mr. Chairman. I want to thank you and Senator Kyl for having it at this time. As both of you have mentioned, we began the experiment with welfare reform 5 years ago and we are very fortunate. I was Governor of our State at the time, and we were grateful to the Clinton Administration at that time for giving us a waiver, actually, a couple of years before that, even before the Congress had acted to begin the process in Indiana. We were fortunate that, throughout that period, the economy was very strong and the conditions that were conducive to moving people from welfare to work could hardly have been better.

In my opinion, the process, in most cases, has worked very, very well. But there was an understanding throughout that time that the real test would come when the economy turned down, when circumstances were more adverse, and we had placed most of the peo-

ple who could be readily placed in the workforce there, and we are dealing with more difficult cases. Regrettably, because of changes in the economy, that time has come, so this is very timely.

Just briefly, Mr. Chairman. Senator Kyl touched upon the fatherhood piece. This is a matter—you did as well—that I have been working on for many years. We have had work at the grassroots level. Mr. Belton, I think we may be hearing from you about your personal experience with Joe Jones and his program. I want to congratulate you on your marriage and your three children. I understand you are in the process of buying a home. Is that right?

Mr. BELTON. Yes, sir.

Senator BAYH. Well, that is wonderful. Mr. Chairman, this is an example of how we want to help young people one at a time to build their families, to do right by their children, and to pursue the American dream.

Nothing could be more important to combatting some of the underlying problems that our society faces, whether it is juvenile violence, teen pregnancy, drug and alcohol abuse.

We spend so much money here at the Federal level addressing the symptoms of these problems when we need to really be focused on some of the underlying causes, which is the breakdown of the family structure, and in particular, too many men not doing right by their children. So, Mr. Belton, I want to congratulate you for doing that.

Mr. Chairman, at the heart of our legislation is an attempt to reach out to other young men and convince them to do right by their children and the mothers of their children, and the taxpayers, in that process.

I will not touch on all of the provisions, Mr. Chairman. Just quickly, there is some reform of the child support distribution to go with the pass-through system that guarantees men who are paying child support that the money will actually go to their children, not to the States. We think that that will encourage more men to live up to their financial obligations.

There is a component promoting the Safe and Stable Families program, which particularly promotes adoption—I know Senator Landrieu from your home State is particularly interested in that provision—adoption for children who are in foster care, and also support services to troubled families.

We would expand the Earned Income Tax Credit to families with more than two children. Families with three or more kids are particularly vulnerable to living in poverty. We think that they should also enjoy the fruits of their hard work when they do work and be able to be eligible for the EITC.

Two other provisions, Mr. Chairman. Restoring the Social Security block grant is particularly important to Graham of this committee. It would give States a flexible funding stream, allowing them to help the elderly, the disabled, as well as low-income children.

Finally, Mr. Chairman, we would encourage employed-sponsored child care by making several components of child expenses for businesses eligible for a tax credit.

All these things, Mr. Chairman, will strengthen our country. I would just conclude again by saying what I said at the beginning.

At a time when our Nation finds itself at war to defend the American way of life, I think it is incumbent for us to think just a little bit also about what it is we are fighting to defend, and to put into place those things that will strengthen this country. I cannot think of any better place to start than America's families.

Again, I want to thank you for your interest in this issue and your willingness to call this hearing today. Thank you.

Senator BREAUX. Thank you, Senator Bayh.

We want to welcome our first panel. There was going to be Mary Frank, who is a former welfare recipient from Louisiana, but she was not able to be with us. We had to cancel the first hearing because of the terrorist situation and she is not able to come back at this time.

But we are very pleased to have Sandra Purgham from Goodwill Industries, who is going to present her testimony, followed by Mr. Belton.

Sandy?

STATEMENT OF SANDRA PURGHAM, TESTIFYING ON BEHALF OF MARY FRANK, REPRESENTATIVE OF GOODWILL OF ACADIANA, OPELOUSAS, LA

Ms. PURGHAM. Thank you very much. It is a pleasure to be here.

I will take the privilege to represent Mary Frank, and I want to tell you how proud that I am to have known Mary and am so sorry that she is not here. She sends her regards. Fear was a big deal for her today about getting on a plane.

The second thing, was she really felt like she needed to stay and support her family, because her children were very, very fearful for her. And, she felt it was really important to stay on the job. So, you cannot fault the woman for not being here today. For Mary Frank, I will deliver this for you:

Thank you for inviting me to speak to all of you today. It is truly an honor for me to have the opportunity to represent the lives of so many people.

As you listen to my testimony today, please think about the many single parents that are out trying to break the welfare cycle like me, as you policymakers can provide the additional support that is necessary to help people become truly-self sufficient.

I am a 38-year-old, proud, single mother of two children. My son, Marcus, is 18 years old and is a high school senior. My daughter, Rebecca, is 16 years old. Rebecca became pregnant last year and is now the mother of my 20-month granddaughter. Rebecca dropped out of high school due to her pregnancy, but is enrolled in a GED program.

I have been receiving public assistance for about 11 years. I am here representing many individuals that are striving to be self-sufficient. The desire to be self-sufficient and be a role model for my children and grandchildren has always been my goal. Being on welfare is like being in prison and you just can't bust out when you want.

My mother was also on public assistance for a couple of years when I was young. I can remember my mother working two jobs, day and night, to provide for my well-being. I have a high school diploma and have completed a teacher's aide course.

I started receiving services from Goodwill Industries of Acadiana's Job Connection in 1998. This Goodwill Job Connection is located in a rural community about 30 miles outside of Lafayette, Louisiana.

My Office of Family Services case worker referred me to Goodwill for job readiness training. Through Goodwill's program, I realized that life is too short for sitting at home doing nothing, accomplishing nothing, and, most of all, being nothing.

I learned that I have the inner strength to be better, myself, and teach my kids responsibility. I was able to receive Goodwill services at no charge because the orga-

nization uses a business model. Goodwill's retail stores generate money that is used to provide community services.

When I graduated from Goodwill's Job Connection program, I found a job as a cashier. I live in a rural area that does not have public transportation, so I had to ride with a transportation provider.

Getting to work every day was hit-or-miss, because the transportation provider was not always reliable. Dealing with them was a waste of time and money. I often had to let my voice be heard just to get them to pick me up, and oftentimes they would pick me up late or three hours before I had to arrive for work. On occasion, I had to wait three to four hours after working an eight-hour day to be brought home.

I ended up accepting a job that I felt offered me more opportunities financially and vocationally. I changed jobs because I thought it would help me achieve self-sufficiency.

The only problem was, once I started this job all of my benefits were either stopped or reduced. I lost all cash assistance and the medical card. I still was able to receive food stamps, but they were significantly reduced. My job at the time did not offer a benefit package, so I had no health insurance for my children or me.

Also, I was approaching my 1-year limit with the transportation provide so I had to find another way to work. I did purchase a car, but I would often have problems with it. Because I was raising two children, I was able to take advantage of the Earned Income Tax Credit.

For some time, I was no longer eligible for child care assistance for Rebecca because she was over the age of 12. Sometimes I feel that if Rebecca had had adequate supervision, that she would not have gotten pregnant. Times were rough, but I was determined to make it.

I continued getting services from Goodwill's Job Connection to increase my skills. I completed their computer training course, which helped me get a promotion on my job.

I was given a computer to take home after successfully completing the computer training course. Having this computer has allowed not only me to maintain my skills, but, more importantly, has helped my children to keep up with current technology being used at their schools.

At this time, I am working full-time to support my family. My daughter is not eligible for public assistance until she is 18 years old, so it has been very difficult. I look at my daughter and my granddaughter for inspiration. I want them to have a better life and more opportunities.

I do continue to receive food stamps, but that is all. Due to being on assistance, I did not get any child support payments for Marcus. The State takes part of my child support if you are on any assistance.

When I stopped getting assistance, Marcus ended up with $256 out of $1,443 that his father paid. I can tell you that many fathers are discouraged in making child support payments because they see it going to the government. Rebecca's father does provide financial support and assistance.

My choice is to not be on assistance at all, and that is what I am striving for. It has taken me two and a half years to transition off of welfare to this point. I have my own car, my job, and my life.

There is still work to be done and I am not totally there yet. I am scheduled to renew my teacher's aide license so I can pursue my career goal of teaching. I am now working as a cashier because I need an income to support my family.

The government programs help a lot of people, but sometimes it seems that they do not want you to succeed. Sometimes the issues that affecting transitioning from welfare dependency to self-efficiency are:

Child care assistance. Because I was no longer eligible for child care assistance when my daughter turned 12, I was very concerned about her during the time because she was not getting adequate supervision and was getting in trouble.

She had her own child at 16 years old. However, she is not eligible for assistance until she is 18 years old. Now I am supporting two families, my daughter's and mine.

Transportation. I was fortunate enough to be eligible for transportation services to get to work. There were many participating in Goodwill's Job Connection programs that were not eligible because they had not been on welfare long enough, according to the criteria.

I did ride with the transportation provider for one year. However, they were not very reliable. I was fortunate to maintain my employment as long as I did.

Child support. I was not able to receive child support payments for Marcus or Rebecca while I was on assistance. Payments were being made, but Federal and State

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government were keeping them. This was frustrating to their fathers and put a strain on the relationships.

I hope my testimony has given you a deeper insight to what is involved in transferring off of welfare. I am happy to answer any questions that you may have.

Senator BREAUX. Thank you very much, Sandy.

Next, we will hear Mr. Freddie Belton. Freddie, we are glad to have you with us.

STATEMENT OF FREDDIE BELTON, CLIENT OF THE CENTER FOR FATHERS, FAMILIES AND WORKFORCE DEVELOPMENT, BALTIMORE, MD

Mr. BELTON. Thank you. I have my transcript right here, but I am not going to read from it. I want to speak from the heart what I have to say.

Prior to me walking through the doors of Men's Services in 1994, I guess I was what you could consider as a scourge on society, a thug. I was in and out of jail. I was in prison 4 times, and in and out of jail more than 20 times. I was drug-dependent for 10 and a half years. My life was just messed up.

When I walked through those doors and talked to the guys at Men's Services, they showed me a better way. They showed me that there are people out here that care for you and do not want anything in return.

So, that piqued my interest. I kept coming back, and everything. So they kept giving me a shot of hope. They kept showing me that they were willing to help me out with my drug problem, with other issues that I might have. So, that is where I was then.

Now, I am married. Let me see. I am nervous.

Senator BREAUX. You are doing great.

Mr. BELTON. I am married.

Senator BREAUX. You're nervous because you are married? I am nervous, too. [Laughter.]

Mr. BELTON. My wife and I are in the process of buying a home. I am paying my child support. I am working two jobs. I am in the process of trying to get my GED, also. It has been like a 180-degree turnaround for me. So, I thank the guys from Men's Services. That is it.

Senator BREAUX. Well, that is a great story. Thank you very much, Mr. Belton, for being with us. You have come, obviously, a very long way. You are now appearing before the U.S. Senate and are having members of this committee listen to your success story. So, you can be very, very proud of what you have accomplished.

[The prepared statement of Mr. Belton appears in the appendix.]

Senator BREAUX. Sandy, let me ask you. Senator Rockefeller was not here. She read the testimony of a young lady who is from Louisiana who could not be with us whose testimony Ms. Purgham read.

But it sounds like that is the problem we are getting at. I mean, here is a young woman who was on welfare who got off welfare because of welfare reform. She got a job, but she left the children at home.

The 16-year-old daughter gets pregnant. Absolutely, we all are sure that lack of supervision was a major contributor to it. So now

we have another young American person who is back in the welfare cycle.

I guess the real question of it, is we got a lot of people off of welfare, but then again, we have got a lot more people that are poor.

Is it working? Is it worth it? I mean, what can you say about her situation? You read her testimony, which was very eloquent. What can you say about that situation that we need to be concerned about to make sure we get people in the workforce, but that we also are paying enough attention to helping them to take care of their children who are being left at home?

Ms. PURGHAM. I think that Mary's story is repeated over and over all over. I think that welfare reform has been, in some sense, a double-edged sword.

I can tell you a story about a mama who said, all right, if I am going to get off of welfare, then you are going to go to school. I am going to work every day, and you are going to go to school every day. When I get my paycheck, we are going to go do something fun. We are going to go and get a treat.

But in Mary's case, leaving that child created her another problem. I think that we really seriously need to look at those issues, especially the children, because we are leaving children in the street, not taken care of because mamas have got to go to work. We have got to figure out how to support those kids in any way that we can.

Senator BREAUX. Mary's testimony, I think, mentioned the fact that she gets child support from the father and that she does not really get it because it is just deducted off of her income.

I guess the reasoning behind that as a government, is that we want to give people a certain amount of money to meet their bare needs, and if it is coming from a father who should be paying child support, that reduces the amount of the tax dollars that need to go to that person to give them the requirements that they need to live a fruitful life.

Ms. PURGHAM. Can I comment on that?

Senator BREAUX. Yes. Can you comment on that?

Ms. PURGHAM. Mary shared that it really created some real problems between she and the fathers, which she has tried to maintain a relationship for her children. But it also created some real problems between the children and the father because the father saw things that were not being provided.

He was working and he was making his payments, but those dollars were not there to provide the basic needed services that those kids needed. So, there was a resentment on his part. The kids did not understand because they were not getting it. So, that whole process created more family dynamics that they did not need.

So I think being able to look at that is absolutely an issue that needs to be addressed, because this came from her. She said, this is a problem. Our first responsibility is our children, but this has created a bigger problem because I am asking him for help, and he is saying, I am working, I am doing my part. It is not my fault.

Senator BREAUX. What is the answer to Mary's problem? I mean, we sort of nudged her, forced her, pushed her into the workforce, and that is great. You have trained her. Goodwill did the training. She has got a job. But the question is, is she only marginally better

off today than she was? What is the success of this program with the Marys of the world?

Ms. PURGHAM. I think the Marys of the world are better off in lots of ways: self-esteem, issues with their children, feeling better about themselves, not sitting on the porch taking the check. These are the things Mary shared with me.

But our biggest challenge, or Mary's biggest challenge, is how does she make the dream of becoming a teacher come true? She has a high school diploma. She is a bright girl, she really is. How do we get her the opportunities to get an education so that she can go do and give back? How do we do that on a minimum wage job?

Senator BREAUX. Mr. Belton, we are real proud of you. Your testimony was very good. It was better than some of these hired professionals that come up here.

Let me just ask you. I guess you were making child support payments, I take it.

Mr. BELTON. Yes.

Senator BREAUX. I guess, if you knew that the child was not really getting that money, you would probably be less enthusiastic about making it. Any comments about that?

Mr. BELTON. If I knew that my kids were not receiving the child support payments that they were taking out of my check each week, that would make me very discouraged. I probably would not even want to make the payments, basically.

What was the turning point for you? I mean, you yourself said that you were headed in the wrong direction by any measurement that you could make. You had been in a lot of trouble.

What got you to make the turn? Was it an individual that came to you and said, Freddie, you have got to get straight? Was it somebody in your family? What enabled you to go from where you were headed to where you are headed today, which is in a great direction?

Mr. BELTON. Well, basically, it was the guys from Men's Services. They just stayed on me and kept on giving me encouragement when, all around me, was nothing but negatively. They were basically the only positive thing, outside of my family, that I had.

So I kept on going to the meetings, kept on going around them. Sometimes they would give me tough love, other times they would sit down and actually talk to me and console me when I needed that, also. So, I credit them a lot.

Senator BREAUX. That is a great story. We appreciate you being with us.

Let me see if Senator Thomas has a question.

Senator THOMAS. I do appreciate both of your testimonies. They are very, very good.

I think all of us want to do the things that you mentioned. I do not quite understand this support payment, and so on. I presume that there is an amount that is supposed to go to the mother, in this case. So if it is more by using both of them, they make it be a certain number. Is that right? How does it get to be where you are talking about, they do not get the money?

Ms. PURGHAM. If they are on assistance or are getting assistance through State programs, I am not sure how the calculation is made. But the amount of their child support money is reduced by

the services either from food stamps or other programs. Her child support payments were reduced.

Senator THOMAS. So the child support payment stays the same regardless of what the contribution is from the father, in this instance.

Ms. PURGHAM. No. What is passed to the mother. If, say, the father was paying $1,000 for two children, once the State removes some dollars for services——

Senator THOMAS. Well, that is my question. What do you mean, removes it?

Ms. PURGHAM. Well, she does not get it.

Senator THOMAS. She? I do not understand.

Ms. PURGHAM. The mother does not get it.

Senator THOMAS. She is supposed to get X amount of dollars.

Ms. PURGHAM. Yes, sir.

Senator THOMAS. So if the combined of the two is more than that, then that is cut back to the X amount. Is that right?

Ms. PURGHAM. Yes.

Senator THOMAS. All right. Why would you do it? What if the father was sending in $10,000 a month?

Ms. PURGHAM. Well, the fathers in these cases are not sending $10,000 a month.

Senator THOMAS. Of course they are not. I am talking about trying to solve the problem. All we do is talk about the problem. What would you do about it?

Ms. PURGHAM. All right. If it were me sitting in your seat, if a mother is out there receiving services and doing programs and working in programs that are going to better her life in the long run, let her get the child support payments in the full amount.

Senator THOMAS. And pay the State the full amount also.

Ms. PURGHAM. And have the State support her in that transition so that she can get from welfare to work.

Senator THOMAS. So the next lady who does not get any child support would get less money. She would only get the State's.

Ms. PURGHAM. Well, probably she does not have children.

Senator THOMAS. All right. It is a little confusing.

Ms. PURGHAM. It is.

Senator THOMAS. Because there are rules, I suppose, and you need to have some rules.

Ms. PURGHAM. And I guess I do not have the answer, sir. I am hoping that just bringing some of these issues to the front will give you something to think about.

Senator THOMAS. I am sure Senator Breaux has the answers. [Laughter.]

Ms. PURGHAM. Well, if he does not, I will bet you he can resource it.

Senator THOMAS. I will bet he can. Well, listen. I think we do need to work at this. I appreciate very much what has been said here. That is, we have made some progress in terms of moving people off of welfare.

Ms. PURGHAM. We absolutely have.

Senator THOMAS. At the same time, we have then discovered some additional problems that we have to deal with. So, it is not

unusual that, as things change, the program needs to change as well.

Ms. PURGHAM. Absolutely.

Senator THOMAS. Hopefully, that can be the result of what you all are doing. I really appreciate your comments and admire what you are doing. Thank you.

Senator BREAUX. I think the next panel, too, Craig, will be able to comment on this. But staff tells me that States have the option to pass through $50 and then keep all the rest to cover the welfare payments. In other words, obviously, in order to get welfare a mother must assign her child support that she would be receiving to the State.

Senator THOMAS. I see. Many States do not use the pass-through.

Senator BREAUX. Some do not. It is an option.

Ms. PURGHAM. Right.

Senator THOMAS. And that is why we included that in the bill.

Senator BREAUX. Yes. All right.

Senator THOMAS. Thank you.

Senator BREAUX. Senator Rockefeller, a member of the committee. Then I will get Senator Bayh, who is not a member of the committee. Not yet, anyway. He wants to be.

Senator ROCKEFELLER. Thank you, Mr. Chairman.

First of all, I enormously admire who you were, because you became who you are. I think the question that Senator Breaux asked is really the key one, and that is, you have to look at it across America or across the world and see all kinds of people facing all kinds of problems. The thing does not happen in their life, and it did with you, something called independent living.

We had a habit in this country of, when somebody became 18 and they were in foster care, or whatever, we just dumped them out in the street. That has now changed, so sometimes government programs can help. Ultimately, I think it is inner resources. There has to be something inside of you that responds to an opportunity.

Then I also wonder how you would ever find out about that opportunity. It is a classic kind of a parallel to me. Today we are sitting here, 4 weeks after September 11th, discussing something that nobody else in the country is thinking about right now, which is the way it often is with subjects of this sort.

Then you hear a story like yours, or many other stories that I have heard over the years, working on these problems. When I was Governor, like Governor Bayh, things just come alive. Everything comes alive and you see things for what they are.

Then the opposite things happen. The big things going on in the world seem less big and the little things going on in the world, because they are absolutely real, become huge. What you are, is you exemplify the second. I do not say that to praise you. Yes, I do.

Mr. BELTON. You can praise me.

Senator ROCKEFELLER. Yes. Yes. [Laughter.] I wanted to make sure you were not nervous about being married.

Mr. BELTON. No, I am not. [Laughter.]

Senator ROCKEFELLER. But I just wanted to say, Mr. Chairman, that I really like Senator Bayh's bill. We are all on it, this whole group, all reputable Senators. It includes, I think, the things you have got to have. You have got to have child care.

We found in West Virginia that there was not enough money for food. If there is not enough money for food, then all kinds of things happen. How much money? Well, say it is $5 or $10. It can make a huge difference. Everything makes a difference in the life of an individual.

So you have got the child support, you have got the Earned Income Tax Credit, which I still think, John Breaux, is one of the greatest things we have ever done in this Congress. Actually, President Reagan started it, then we expanded it. It is a beautiful, beautiful piece of work.

The Social Services block grant, the whole fatherhood question which Governor Bayh and others are very interested in, and then the Safe and Stable Families Act, which is something that I introduced along with Mike DeWine in 1993, and again in 1997, and we got it reauthorized, and President Bush is asking $200 million more for it. So, we are for that. We are for that.

Now, what happens to all of this in this climate? It is hard to say. We are going to be in a budget deficit next year. That is what everybody says. Or is it this year? Whatever it is, it is bad.

Senator BREAUX. The coming year.

Senator ROCKEFELLER. The coming year. So I just want to say that I really support the bill because I really support what happens when somebody like you comes before a group like us and throws away your prepared text, which I can see there, and speaks from the heart, and you are a real person. Strangely enough, strange to say, real people can affect the political process. They can really do that. They can motivate.

You saw that on independent living. You saw, literally, Senators change, become different people, on the subject of independent living. In other words, not pitching people out in the street when they are 18 years old. Not because professionals came, but because the young people came and we sat with them, not facing them like we are now, but kind of in a circle, and talked. They changed us and then we changed laws, and life can get better. So I want you to feel real good about coming here and making a difference with all of us. Then it becomes our job to make sure all of this happens.

Senator BREAUX. Thank you, Senator Rockefeller.

Senator Bayh, comments or questions?

Senator BAYH. Thank you, Mr. Chairman.

First, to Senator Rockefeller. I am very grateful for his support and hard work in this area, particularly the Safe and Stable Families area. There is no one who has thought more deeply or cares more deeply about this issue than Senator Rockefeller.

So, I am very grateful, Jay, for your lifelong devotion to this issue. You are right. When you labored in the vineyards, first, as a Governor, now up here you can kind of put some faces and some particulars to the statistics that we all see.

I am sorry Senator Thomas could not stick around, Sandy. I was going to say, dealing with the theory behind the pass-through and the problems with it that we are trying to correct in this bill, the theory is, if they can, parents should support their kids, not the taxpayers. So, the State was going to keep some of the money to make up for the taxpayers' investment. That is a good theory.

The problem of course, as we have heard, is that many men, when they find out that the money is not going to their kids, it is going to some entity of government, they are not, as you can understand, real thrilled about making those payments.

Then the mothers, when they are trying to think about how they are going to become independent, get a job, and support the kids, and they think about the welfare check going away and they are not getting the child support, they are suddenly thinking, well, how is all this going to add up? So it discourages them as well and makes it harder to move them from dependency to self-sufficiency. So, it is a case where the reality and the theory do not quite correspond.

So our approach to this, Senator Breaux, is to make up the difference that the State is allowed to keep with Federal resources, thereby encouraging them to participate in the pass-through so that all the child support payments do go to the mother, so that the taxpayers are made whole at the State level, and the mother gets that full child support payment. So, that was our way of trying to deal with this.

Let the record show, I got a thumbs up sign from Sandy, there. I appreciate that, Sandy.

Senator BREAUX. I thought that was a wink. [Laughter.]

Senator BAYH. We would not put that on the record, Mr. Chairman. [Laughter.]

Just a couple of other things. Mr. Belton, I want to echo everything Senator Rockefeller said. We have some programs like Men's Services in Indiana. When I was Governor we started giving them some State support, and I went to visit them.

I would just sit there and I would go around the table and say, tell me, how did you get here? Who are you? What is making a difference in your life in this program?

If you do not mind my asking, how old were you when you became a father?

Mr. BELTON. I was 22.

Senator BAYH. Twenty-two. And how old were you when you got hooked up with Men's Services?

Mr. BELTON. Around 30, 31.

Senator BAYH. Thirty-one. What can we do with young men, 22, or in many cases even several years younger, to reach out to them to try and get them to understand that bringing a child into the world is one of the most profound responsibilities you can take on, and that it makes sense to try and wait if you can until you are prepared to meet that responsibility to do this.

Is there anything you can think of, what messages we can get out? Part of our bill is public outreach to try and convey messages to young men to convince them to wait until they are ready. Can you give us some advice on that?

Mr. BELTON. Well, basically, my advice would be, just a lot of young men just want someone to care for them and show them that there is a better way than the way that they are doing. I guess, once you start to try to change their pattern of thinking, then they will start to think responsibly about bringing a kid into the world and raising the family and all.

Senator BAYH. And what was it about Men's Services? You touched upon this, briefly, already. You said, the tough love, the support when you needed it. Part of our approach would be to fund programs just like that so they could expand their services to more young men.

Can you elaborate just a little bit on what it was about Joe Jones' program that you think would benefit more young men to try and get them on the right path in life?

Mr. BELTON. Well, it is like they are there for you when no one else will be, or wants to be there for you, whatever. They listen to a lot of things that you are going through and that you are dealing with, when other people might not want to hear it, or whatever. They just show you support. It is a good program.

Senator BAYH. Mr. Chairman, the final thing I would say, just from my personal experience in talking to a number of young men like Mr. Belton, very often we are dealing with young men who have not gotten the education they need to be placeable in jobs.

So, very often these programs will start by getting them back on the right track educationally, then have the job placement function, then reconnect them with their kids so they can be good supporters for their families.

So, it is sort of putting their life back together, just as it was in your case. That is why I am a strong believer that this is really the way to deal with the root causes of many of the social problems rather than just the symptoms that we tend to deal with too often.

Senator BREAUX. That is a very important point, about connecting the training with a job that the person is going to go into. Probably none of us on this panel up here could get a job at K-Mart, Sears, or Wal-Mart. At least, I could not.

I am not that proficient on a computer to even run it as a check-out counter. I would have to go into some training program. We have got all these degrees, but a lot of the jobs that are out there that are good jobs, you have to have the right training for it.

We are joined by Senator Carper. I feel outnumbered. I now have three Governors on the subcommittee, and I am the only one that is not.

So, Senator Carper, do you have any comments?

Senator CARPER. Maybe some day.

Senator BREAUX. Yes. I cannot work a computer, either. Any comments at this time?

Ms. PURGHAM. I can get you training. [Laughter.]

Senator CARPER. If the three of us could be Governors, so could you.

Senator BREAUX. Anybody could be Governors. [Laughter.]

Senator CARPER. So could you, my friend. You would love it. You would be good at it.

STATEMENT OF HON. THOMAS CARPER, A U.S. SENATOR FROM DELAWARE

Senator CARPER. To our witnesses today, thank you. Welcome. Until about 9 months ago, I was a Governor. As a Governor, I worked with Senator Bayh a whole lot, and others in the Governors Association, on welfare reform.

I even got to be the lead Democratic Governor on welfare reform. I think at one time I actually sat right where you are sitting, Mr. Belton, and testified to the Senate Finance Committee, then chaired by Bill Roth, my predecessor. I had a chance to say what the Governors think we ought to do with respect to welfare reform.

I want to pose my question by prefacing it as follows. We used to say to people who had children, who did not have skills, did no have a job, if you need help, come to our welfare office and sign up for welfare and we will help you. We will provide welfare benefits and maybe try to find a training program that will get you ready for a job some day.

What we did, is we changed that about 5 years ago. We changed it so that we say, principally to women—some men, but principally to women—who have children, come to a welfare office and ask for cash assistance.

And instead of saying, how would you like a welfare check, we will say, how would you like a job? If you do not have the training for a job, we will find training that is appropriate for jobs that really do exist. Not for jobs that might exist, for jobs that really do exist, for which there is a demand.

Once you have the training, if you do not know where the jobs are, we will help you find where those jobs are. We will even help you get to where the jobs are. If you need help with child care, we will help you with child care.

If you are fearful of losing you Medicaid, your health care for your kids, we will even provide that for you after you go to work. We will use the Earned Income Tax Credit to make sure you are going to be better off financially than you were before you started on welfare.

I think one of the great successes in the last generation or so in terms of public policy in this country, has been changing that mentality so that, when somebody wants help for themselves and their family to improve their lot, they can go on welfare or they can go find a job and get the kind of supports that will enable them to be better off.

More often than not, today, they choose to go to work. We call it Work First, where we provide incentive to go to work first, then we will do the wrap-around supports to ensure that you are better off.

It has worked remarkably well with respect to women, to mothers of children, lower-income children. We are still trying to figure out how to take that same—magic is the wrong word, but I will call it magic—sort of transformation on the male side that I think we have started to see on the female side.

I met yesterday with a fellow that Senator Bayh and I have known and worked with for a while, Wade Horn. Wade Horn works for Tommy Thompson now. He has been a big advocate of responsible fatherhood. We talked a bit about this yesterday.

What do we need to do to bring about the same kind of sea change on the male side that we have seen, I think, on the female side? He shared with me some great news with respect to poverty. He mentioned that, in the last 5 or 6 years, we have seen the greatest drop in poverty in this country than we have probably

seen in our adults lives. It is especially pronounced in the minority community.

So that is a big lead-off into a question. How do we replicate on the male's side, the father's side, what we have done on the mom's side with respect to self-sufficiency and welfare? If you all could help us with that, we will make you secretary of whatever you want to be. [Laughter.]

Ms. PURGHAM. I personally think that it takes 25 years and all your money to raise a kid. If we can help fathers and mothers stay whole as families and live in an environment where, either you have two marginal income families at $7 an hour, that makes a $28,000 income a year.

I think people can live, not greatly, but we can live at some level when you have got two families in a household working together. I think, for the men that we see in our programs, it is about helping them to love themselves and get over a lot of anger and fear. Fear is a lot of it.

It is how we can join together in lots of programs within our communities, with churches, and figuring out how to love people when they have taken some wrong paths, like Freddie, and seeing a human being that says, I want to make a difference in my life, and loving Freddie in the process. I think he is a prime example of how social service agencies can gather behind either men or women and love them through the process. I think that is what we need to do. We just need to get together and love each other.

Senator CARPER. Mr. Belton, can you help me on this one?

Mr. BELTON. Yes. I basically agree with her on what she said.

Ms. PURGHAM. Thank you.

Mr. BELTON. It is just, a lot of guys want to work and they want to do right, but they are fearful, for whatever reason. I think, if you just go and show them, like she says, love and that there is someone out there that will care for you and will not ridicule you or down you every time you make a mistake, they are willing to go ahead and put forth the effort and go out there and try.

Senator CARPER. Put yourself in our shoes. I am going to look for something a little bit more concrete than what you said. On the female side, we have time limited benefits. We said, all right. If you do not want to find a job, that is fine.

The benefits only last so long. But, by the way, if you will go to work, we will make sure you get the training you need. We will make sure you get the transportation. We will make sure you get the health care your kids need.

We will make sure that you get the job placement you need. We will even hold your hand even when you are at work. We will make sure that we have the tax policy in place that turns a minimum wage job into a $7 an hour job.

We do all those things, really tangible steps that have made work pay more than welfare. We have diminished poverty and we have seen a dramatic drop, by half, of our welfare rolls in the country. And it is not all the surge in the economy that has done this as we have changed the ground rules.

In terms of specifics that we can do, do any specifics come to mind? I will give you one example. It used to be that we would say, if you happen to be a two-parent family and you need to go on wel-

fare for a while, you need to go on cash assistance for a while, the male has to leave the family in order for that family to be eligible. We are not going to provide cash assistance to two-parent families.

We finally said, well, that is an incentive for having the guys take a walk. A lot of them are probably tempted to do that anyway, and we basically open a door for them and push them out that door.

So, we changed that in the country, and in our States, so now two-parent countries can be eligible for cash assistance for a while, then we expect somebody to go to work.

So, any specific recommendations that you have that would help us work on the male side to see the kind of transformation that we see on the female side?

Mr. BELTON. I mean, basically all I can say, is I think a person would have to want to go to work. If he has the desire to go to work, he will go, basically. He will just go out there and look for a job. If he has some type of difficulty trying to find a job, he will go to different programs that help him and he will keep trying. There is not too much else I can say.

Senator CARPER. To my colleagues, I would just say we have had many numbers of hearings and public meetings, and so forth, in my State. You have probably done the same in your State. We have had folks come and meet with us who used to be on welfare. I cannot tell you how many people, women, who said to me, I did not finish high school, I got pregnant, I dropped out, and never really had a job. I did not think I could hold down a job. I just did not have the confidence.

One of the things you did, was it was a tough love approach with time limits. But one of the things we did, is we said, you have got to go to work. We are not going to keep you on welfare forever. There is a time limit. We sort of forced people to take that step that they are reluctant to do.

Senator BREAUX. All right. Thank you very much.

Let me thank Sandy and Mr. Belton. Thank you very much. Freddie, good luck to you. Thank you for being with us. Sandy, thank you for all your help.

Let me welcome up Mr. Rodney Carroll, CEO of the Welfare to Work Partnership here in Washington; Sharon Daly, vice president of Catholic Charities; and Christine James-Brown, president and CEO of United Way of Southeastern Pennsylvania.

We thank you for being with us and look forward to your presentation.

First, Mr. Rodney Carroll. We have you listed first. Mr. Carroll, you are on.

STATEMENT OF RODNEY CARROLL, CEO OF THE WELFARE TO WORK PARTNERSHIP, WASHINGTON, DC

Mr. CARROLL. Thank you, Mr. Chairman. I appreciate you having me here. And certainly my friend, Senator Carper, it is always great to see you.

My name is Rodney Carroll. I am the chairman and CEO of the Welfare to Work Partnership. I was going to tell you about the partnership. If I was going to tell you, I would tell you that it began in 1997, right after that landmark bill was signed in 1996.

The plan, was to engage the business community. The feeling was that, if this was really going to work, that the private sector had to be involved and had to take a leadership role.

It began with five companies: United Airlines, Monsanto, Burger King, Spring, and United Parcel Service. The goal was to engage businesses to join on board and to do only one thing, which was to hire people from welfare without displacing other workers.

We also established a board of Governors as well. One of the co-chairs is Senator Carper, who was at the time Governor Carper of Delaware, along with Governor Thompson.

Now I am here to say that there are over 22,000 businesses that are involved which have provided over 1.1 million jobs since that time. You should also understand that those jobs, on average, pay about 40 to 45 percent above the minimum wage. Eighty to 85 percent of those jobs that I am talking about are what we call promotion track jobs.

In other words, those are not jobs that are dead-end jobs, those are jobs that, given some circumstances, whether it be education or seniority, they have the opportunity to advance. Again, almost 80 to 85 percent as well receive full health care benefits.

So, therefore, I think the question might be, is Welfare to Work working? Has it been a success? I guess, if the goal was to be welfare to work, you could say, yes, Welfare to Work worked. The rolls are down, and so forth.

But I guess I am here to say that I do not know that the goal was to go from welfare to work. When I started at the Partnership, I was a loan executive from UPS. I had been at UPS almost 20 years in Philadelphia. I ran the Philadelphia air hub, a large operation. We needed people. Part of my plan was to hire people from inner-city Philadelphia and Camden, New Jersey to go to work at UPS.

But the goal was not to go from welfare to work. It is really about going from a life of dependence to independence. Once you start to talk about that, then you really start to say, have we been successful or not?

I guess that there are a lot of things that I am concerned about now. One, is that we are close. We are very close. Business now, more than ever before, are listening and are poised, ready to not only hire people from welfare, but non-custodial dads, people with ex-offender backgrounds, former substance abusers, you name it. Yet, we happen to be at a terrible time in this country after the terrorist attacks.

But we did a survey. We had a reporter that called us. Actually, a couple of reporters from national newspapers wanted a story. I am kind of suspicious of reporters, but I think that they wanted a kind of bad news story.

So what we did, is we surveyed our business partners. We got almost 400 responses in 24 hours. The first question we asked was, simply, does your company have a need for entry-level workers even now, after this time? Sixty-three percent said, yes, we still have a need. We said, all right. Good.

How about between now and the end of the year? Would you think you would have a need? There are people that said no. Another 25 percent said, yes, we will still have a need for entry-level

employees, even between now and the end of the year. Then we asked them, have they had to have any layoffs in the last 60 days?

Of course, some of them did say that they did. But we asked them, have you laid off any welfare recipients, or was that a part of the plan? Of course, at that point they said, no, we have not, almost 88 percent.

You see, even now, in a time of headlines where you have businesses that are making the headlines that perhaps are experiencing layoffs, I guess I am here today to let you know that there are companies all around this country that are looking for employees.

As a matter of fact, Ford Motor Company just recently is joining the board of the Welfare to Work Partnership. You already know that Ford is probably the second- or third-largest company in this country.

You should probably realize that we have been trying to get Ford on the board since we began. Our chairman, Jerry Greenwald, was a former Ford executive. We did everything we could and could not get Ford on the board.

Why now? Why would Ford join right now? I will tell you why. Because they are 65,000 technicians short throughout the country because of baby boomers, people retiring. They need workers. They are almost desperate for us. They sought out the Partnership: can you help us out? Certainly, we can.

Will you be willing to hire ex-offenders? You should know, Senator, that even in New Orleans, that Ford is starting a program at, I believe it is del Gatto Community College, where they are going to train technicians. These will be men, they will be ex-offenders, they will be women, they will be whomever that we are determined that are the least likely to have a job, the hardest to place.

They will begin jobs in the technician field on the average of $35,000 a year, not only at Ford dealerships, but other dealerships like Pep Boys, Auto Zone, and other companies, because, as you said, Mr. Chairman, now you need to have some computers to work. Even to tune up a car. You do not listen for the plugs like you used to do. You have to put it on a diagnostic test and really begin to understand it.

Also, we have a law project. We got law firms to hire ex-offenders. We are starting in Chicago with a law firm called Scadden, Arps, a prominent law firm in the country. We talked to them and said, look, we have got an idea. They said, what is it? We said, we would like you to hire people with criminal backgrounds. They said, of course, absolutely not. We will not do that. No way, no how. We said, well, do you have a need? That is the key: do you have a need?

They said, well, yes, we do. You see, paralegals now do what the lawyers used to do, and legal secretaries now to what the paralegals used to do, and the legal assistance do something else. No one actually is doing the work as far as going to the law library, bringing the book out, and faxing the materials. We need someone to do that.

The strategy for law firms has been to hire people that just graduated from law school, or people who are on their way. What they do, is they do not want to do that long-term. They come in for 6

months, stamp their resume and they are off, so the turnover was unbelievable in law firms throughout the country. So, they had a need. We were finally able to convince them, all right, we will support a system that will hire people from ex-offender backgrounds. We will put them in there. They said, well, they have got to know something. This is not charity. I said, all right. What do they need to know? We developed the curriculum. We got the city colleges of Chicago to develop this program. Thirteen weeks later, we graduated employees with ex-offender backgrounds.

Now, you probably were smarter than me and you will not do what I did. But for some reason I got curious and I asked 1 day, what kind of offenses did these people have? I do not know what made me do that. Once I started to hear some of the struggles they had, I myself got nervous. Now, the law firms, they do not want to know. They said, it is a clean slate. We will start from the beginning. They will get a chance to do that.

You should also know that they are rolling this law project out. there is a class that is on its way in New Orleans, one on its way in Miami, one beginning in L.A. in the spring of next year, Philadelphia wants one.

Law firms have offices in all of those cities. The first thing they do is call Chicago and say, how did this work? Some guy down here is talking about ex-offenders. Did that work? They say, well, yes, it is working pretty well. As a matter of fact, my person is already hired.

You see that we are in a time now, as Senator Bayh said, where we are really concerned about defending this country. We also need to understand what we are defending the country about.

What is this American dream? I would say that it is because it is a land of opportunity. It is a land where everyone would have the opportunity to provide for their families, to live their lives with the dignity that good work brings. The Welfare to Work Partnership is poised, with its 22,000 businesses, to make sure that this happens.

Thank you very much.

Senator BREAUX. Thank you, Mr. Carroll.

[The prepared statement of Mr. Carroll appears in the appendix.]

Sharon Daly?

STATEMENT OF SHARON DALY, VICE PRESIDENT OF CATHOLIC CHARITIES, ALEXANDRIA, VA

Ms. DALY. Mr. Chairman, Senator Carper, thanks for the opportunity to testify at this hearing. We especially appreciate your persistence in rescheduling this hearing.

Mr. Chairman, since September 11th, Congress and the administration have turned their attention to national security and disaster response, and lately to the possibility of an economic stimulus package.

Our Catholic Charities agencies have also been heavily involved in disaster response. They are providing grief counseling and burial services, and emergency cash, food, clothing, shelter, and job placement for the people who have been affected.

But the events of September 11th have only increased many of the problems of working families, from immigrants who clean the

buildings that no longer exist, to the waitresses, waiters, and dishwashers in the half-empty restaurants across the country. Low-wage workers are the first to suffer from an economic downturn and the least able to withstand its effects.

Accordingly, it is more important than ever for Congress to take these steps to aid the working poor. Even before September 11th, we have observed that over the past 5 years, despite record economic growth and record low unemployment, our agencies were reporting steady yearly increases of 20 percent or more in the numbers of people who needed emergency food and shelter.

In the most recent report, we found an increase of 30 percent in emergency food aid alone. The typical family coming to Catholic Charities for emergency food assistance is a parent working for $6 or $7 an hour.

Every month, after paying the rent, utilities, and child care costs and arranging transportation, parents have no money left to put food on the table. Only half the eligible families receive food stamps. Less than 30 percent of the eligible families are receiving child care assistance.

Others can provide you with better statistics about the growing income cap in our country and the hardships that people face, but our agencies are witnesses another kind of evidence: the shame and weariness of parents who work all week and then have to beg for food on weekends; the disrespect of older children for parents who work but cannot provide the essentials, much less the little luxuries, and the despair of parents who have to miss parent-teacher conferences because they are working long hours.

We support S. 685, the Strengthening Working Families Act, because the six initiatives would greatly contribute to the living standards of the working poor. Thank you, Mr. Chairman, for cosponsoring this legislation, along with Senators Bayh and Snowe, and six other Finance Committee members.

My written testimony has more detail on the longstanding support of Catholic Charities for these provisions, especially those related to responsible fatherhood, to encouraging employers to provide safe and affordable child care, and our perennial request to expand the Earned Income Tax Credit to families with more than two children.

But in my oral remarks I want to focus on three provisions of S. 685 that I hope the Finance Committee will act on this year.

First, restoration of the Social Services block grant to $2.38 billion, the level that was promised to the States in the 1996 welfare law.

But, for unaccountable reasons, the Congress cut that amount by a third several years ago, transferring the budget authority to the highway bill. This is incomprehensible. It is a case of temporary insanity by the Congress. We hope that you will remedy that as soon as possible.

The Social Services block grant is the primary source of Federal funds for community groups and religious groups that provide counseling and social services and other help to the working poor.

SSBG funds are typically used for programs to prevent child abuse, to help pregnant teenagers, and to provide transportation

for people with disabilities, and a whole range of services for the elderly.

I want to give you an example of the Social Services block grant at work at Catholic Charities in Chicago. That program was a program that was supported that provided assistance to pregnant and parenting teens.

It reduced infant mortality to 2 out of 1,000 births, wildly beyond anybody's expectations, improved birth weights for the average infants of up to 6.8 pounds, and dramatically improved high school graduation.

In fact, 90 percent of the teenage mothers in that program go on to graduate from college, compared to 50 percent graduation rates for the children in Chicago public schools, generally.

This program, and the families it serves, have suffered a major cut in funding, largely because of the cut in Federal SSBG funds to the State of Illinois. I could give you multiple other examples of the damage done by the attack on the SSBG program.

Second, reauthorization of the Safe and Stable Families program. S. 685 would reauthorize and provide $1 billion over 5 years for Safe and Stable Families. I wish Senator Rockefeller were here.

He was a real pioneer with this program, in making sure that it got $1 billion in the stimulus package that was passed by Congress in 1993. You will remember what a great period of sustained economic growth we had after that economic stimulus package was passed, and we hope that any package this time will have funding for child welfare services.

Funding for child welfare has really not been increased since that stimulus package, despite the growing need for additional services. We hope that you will renew this commitment and make sure that the children who are neglected and abused, who are waiting for adoptive families, that young people who are aging out of foster care, and the children of incarcerated parents, will get the assistance they need.

You will remember then, in the State of the Union speech, Mr. Chairman, the President very proudly promised the $1 billion in new funding for Safe and Stable, guaranteed mandatory funding.

He also asked for $300 million for the Independent Living program. Your counterparts over in the Ways and Means Committee are having a little trouble meeting that commitment. We hope you will set the standard here for what needs to be done.

The third part of the bill we want to support, is the child support pass-through, which has had quite a lot of attention here. I am sorry those Senators most interested are not here.

What S. 685 would do, is allow the States—not require them, as in a comparable House bill—to pass through the child support payments directly to custodial parents.

Now, there are two parts to this issue. One part, is when a mother and children are on welfare and the child support is being collected and kept by the State. Perhaps even more egregious is when the family has left welfare, but the State continues to deduct the back child support that the father may only now be paying.

Let me give you an example of some clients of Catholic Charities, again, in Chicago who were hit by this. I am going to call them Joe and Mary, not their real names.

Mary was 16 and Joe was 18 when they had their child. There was no way they could get married. They could not get along. It was a dangerous situation. Mary went on TANF for 2 years, graduated from high school, found a job, but her wages are not enough to support the child.

Joe took 3 years to get his act together. He finally did. He got off drugs. He got a job and he started paying support. Unfortunately, Mary and the child are not getting the support. The State of Illinois is collecting it to offset the back child support benefit.

This does nothing to encourage Joe to do right, and it hurts Mary and the baby. Mary is also trying to do everything she can. So, we strongly support the child support provision and would urge you to even go further.

I also would like to talk a little bit about the stimulus package. On behalf of Catholic Charities, USA, I want to urge you to ensure that there are provisions in the stimulus package to assist low-wage workers.

In particular, I would urge you to pay attention to the Unemployment Insurance program, which discriminates against part-time workers, most of whom are mothers raising little children.

So, I think you need to look at reforms to the Unemployment program that have long been delayed, especially to allow part-time workers to collect Unemployment Insurance.

Also, to provide some tax relief to the 35 million low-income working people who got no benefit from the tax legislation passed earlier this year, even though they pay a disproportionate share of their wages in payroll taxes.

In addition, we hope Congress will look at other provisions for the stimulus package to cover health insurance for low-wage workers, and restore benefits to legal immigrants as well.

Mr. Chairman, all of this is going to cost money. You were talking earlier about whether we will be in deficit this year or next year. But already we are beginning to hear from some of your colleagues that promises made to improve programs for the poor, like the Safe and Stable Family programs, might have to be postponed because of the new fiscal realities, the new expenses that are necessary to fight the terrorists.

Well, of course we all agree the government has to make the investments necessary to fight the terrorists. The question is, who will pay the bill? Whose government assistance or tax cuts will be delayed? I am here to ask you to look very carefully, first, at a bigger contribution from those who can best afford to pay.

That is a basic principle, as you know, of Catholic social teaching. You ask those who can afford the most to give the most, and in this case, to pay the most taxes. We are sitting here waiting for implementation of very large tax cuts for the rich in this country.

I ask you to, first, look at whether those should be postponed, or even, should I say it, rescinded, before you look at what benefits might be withdrawn or not provided in the first place to the poorest people in America. Ninety-eight percent of the American families would not be affected adversely if you took another look at those tax cuts.

In conclusion, I want to thank the committee for focusing on these issues in a time of national crisis. It is so important that we not forget these families.

Thank you.

Senator BREAUX. Thank you, Ms. Daly.

[The prepared statement of Ms. Daly appears in the appendix.]

Senator BREAUX. Ms. James-Brown?

STATEMENT OF CHRISTINE JAMES-BROWN, PRESIDENT AND CEO OF UNITED WAY OF SOUTHEASTERN PENNSYLVANIA, PHILADELPHIA, PA

Ms. JAMES-BROWN. Mr. Chairman, Senator Carper, my neighbor to the south, thank you for this opportunity to discuss how United Ways across this country and Congress can work together to address the needs of our most at-risk individuals and families.

I am president and CEO of the United Way of Southeastern Pennsylvania. But, in addition to that, I am a member of our Philadelphia school board, a member of our community college board, and a member of our Workforce Investment board, so I bring to this concern about individuals and families a variety of perspectives and a variety of learnings.

United Way of Southeastern Pennsylvania is the Commonwealth's largest non-profit organization. We focus on investing in children and youth, building adult independence, and promoting healthy living.

We are one of 1,400 United Ways that are within this country. Collectively, we raise almost $4 billion a year and we are second only to the government with respect to the amount of money that we make available in this community to support critical issues.

United Way is deeply concerned about recent cuts to the Social Services block grant. Title 4 of the Strengthening Working Families Act of 2001 would restore SSBG funds to $2.38 billion. I strongly urge you to pass this legislation.

As you know, SSBG has suffered drastic cuts of over $1 billion in just the last 5 years. In January of 2000, the United Way of America conducted a survey to assess the impact of these cuts on United Ways and their funded agencies across this Nation.

Of the agencies that responded, 46 percent were forced to serve fewer clients, 32 percent had to cut staff, and 17 percent cut vital programs to compensate for cuts in SSBG funding since 1995.

Cuts to SSBG force agencies to make impossible decisions about who to help and who to leave behind. Further cuts will decimate these critical services that agencies provide.

United Ways are not in a position to replace this type of loss in important government funding. SSBG is an important part of local social services and it is the first step in ensuring that people in need will not be denied vital services.

SSBG allows communities to go beyond short-term, Band-Aid repairs and focus on long-term solutions. By helping to keep the disabled and older Americans living independently, by supporting prevention initiatives such as youth development and early childhood programs, and by promoting self-sufficiency, SSBG saves the Federal Government and the Nation's taxpayers, and, yes, the United

Way, the cost of expensive institutional care, intervention services, and welfare programs.

Some of the agencies that receive SSBG funding at the local level include Catholic Charities, Child Family Services, Lutheran Services, Area Agencies on Aging, and United Cerebral Palsy Associations.

In fiscal year 1999, SSBG helped over 12.5 million individual across this country receive services. It is often referred to as the glue that holds State and local service systems together, as its flexibility makes it the keystone of a large, diversified array of human service programming.

While other funding streams are available for many of the services provided by SSBG, they are not sufficient to meet all of the needs. If cuts continue and funding is not restored, the most at-risk of our population will suffer.

I want to talk a little bit about the September 11th tragedy, because to a certain extent we have been talking about it here as if it is somehow separate from these hearings.

The reality is, the tragedy of September 11th and the economic downturn that our country is currently facing is compounding the needs of our communities.

I had the opportunity, Senators, to meet with about 50 United Way member agency executives just last night. The purpose of the meeting was really to talk about the impact of September 11th on their services and on the people that they are concerned about.

They talked to me about three areas of major concern that I want to share with you, quickly. One, is the impact of the military call-up on families. The reality is, we will be creating very quickly temporary single-parent families. The result of that will be the need for additional focus on things like mentoring, after-school programs, and child care.

Second, they talked about the impact of unemployment in the hospitality industry, in hotels, and at the airport. This, of course, will put additional stress on the community. In our case, it is in the final years of the impact of welfare reform.

We will see that people who had just entered into the workplace in a very fragile situation will be challenged with having to go right back out into the community and look for a job in competition with many others.

They also talked about the impact on the safety net of services that is already very fragile in our community, and in many communities across the country.

We were fortunate enough to have someone from the American Red Cross in our community there who had spent the last month in New York talking to social services providers there about, where were the tensions in the service delivery net that really exposed themselves as a result of the tragedy?

They talked about the need for stronger home health care services, stronger transportation, a variety of things that all of our communities need in order to be ready for an additional unfortunate tragedy that might occur in our communities.

So there is great concern out there about the combination of the ripple effects of September 11th, as well as the pressures and tensions that they were already feeling.

One of the issues that they raised that you all, I am sure, have heard about, is the impact on families and communities of distress and tension from the events of September 11th that result in things like domestic violence, potential child abuse, and other things like that. So, those are also concerns that they shared with us.

Families thrive in healthy neighborhoods with access to economic opportunities and social networks. The SSBG is a part of the necessary infrastructure. Consider the role of SSBG in welfare reform. Welfare reform really established a new structure for the Nation's welfare system, focusing on promoting self-sufficiency.

We at United Way of Southeastern Pennsylvania, and all United Ways, support self-sufficiency as a principle. There has been tremendous, tremendous progress made and there are great successes with respect to the results of welfare reform.

There also, however, is cause for concern. According to the U.S. Census Bureau, the rate of families in deep poverty since the beginning of welfare reform has actually increased.

The Urban Institute finds that 40 percent of those who leave the welfare case load are still in poverty and that States are unable to account for 20 percent of those who leave welfare.

The successes of welfare reform in the mid- to late-1990's happened during the time of unprecedented economic growth. The Nation is in the midst of an economic slow-down, and many economists fear that a recession is inevitable. In many cases, individuals who recently found employment and are struggling for transition off of welfare are among the first to lose their jobs.

The Strengthening Working Families Act would help States prepare for this influx of need during a time of economic downturn. We at the United Way of Southeastern Pennsylvania have been working with others to monitor what is happening to families in our communities during welfare reform.

I actually brought one of the publications that we produce as a result of this monitoring. We, United Way, joined with one of our child advocacy agencies to really monitor families, not to complain about welfare reform, but to look at what the impact is on them.

The learnings are remarkable. Let me just give you one learning from that that indicates the need to have a real comprehensive approach to dealing with this issue.

A major concern and a major reason that many mothers, in particular, were not able to maintain their jobs once they transitioned from welfare, was something as simple as the number of children of welfare mothers that have asthma. If you think about a brand-new employee on a job and a child with asthma, and the first call from the school to pick up the child, the mother may be able to leave after that first call.

The second call, the woman who has not had a work record does not really have any credibility and there may be a bit of a question. The third call to pick up a child with asthma that is having a situation, is one that could result in a woman losing her job.

So, just something as simple as asthma and health issues for the children really have a tremendous impact on the ability of a young mother that is brand-new in the workplace to maintain her job.

Our results in Philadelphia, in that one simple story, is really similar to those of national studies. Many parents are working, but still living in poverty. Many more children need child care, good health care, youth opportunities because their neighbors are not available. We have found that too many families are struggling to find decent housing, to pay their utility bills, and to put food on the table.

In our last report on the housing needs of low-income families, which is the one I have with me, we found that more than 27,000 families had applied this year for the mere 4,000 Section 8 vouchers available in our community for housing.

The devastating events of September 11th will have a lasting effect on people and communities across the country beyond the lives and buildings shattered by the attack. The images of devastation will be with our Nation forever.

The United Way movement stands prepared to work with you and others to respond to these terrible incidents, but also to build a stronger community and one that is available to produce productive citizens that can become productive taxpayers.

Strong communities provide hopeful answers to many of our toughest problems: mentors for children, treatment for drug addicts, shelter for abuse, and homeless. All of us have to work together for a better country.

United Way will continue to work with our partners to build strong, healthy communities, but we will need the tools to do this. The Social Services block grant is one of the most powerful tools and its funding must be restored. Thank you for your time, and I will be pleased to answer any questions that you might have.

[The prepared statement of Ms. James-Brown appears in the appendix.]

Senator BREAUX. Thank you very much for your testimony, and all three panel members for their testimony.

Mr. Carroll, you seem to paint a picture that, even in difficult economic times, that we are finding jobs for a lot of folks coming off of welfare that are being trained. You mentioned Ford Motor Company, and a number of others.

At the same time, both Ms. Daly and Ms. James-Brown both had indicated that, even if they are finding jobs, they still do not have enough assets in those jobs to take care of the basic needs that they have back in the home.

We heard the testimony of a young lady from Louisiana who had a job in the workplace but did not have any child care, whose young daughter gets pregnant. We have another cycle of welfare recipients because the welfare program was not doing enough.

It seems to me, your experience has been that people are finding pretty decent jobs. Why is that? Are you dealing mostly with males that are entering into better-paying jobs, perhaps, or is your clientele also females as well? Give me some discussion on that.

Mr. CARROLL. Sure. Certainly, I would not disagree with either Ms. Daly or Ms. James-Brown as far as some of the people finding need.

Let me give you an example of some of the companies that I am talking about, and what they do, that you might not be aware of.

Let us say, for example, Bank of America, which is a partnership company.

First of all, they provide, themselves, a child care subsidy. That subsidy can be applied to any child care agency, to include the grandparent. In other words, they will pay the grandparent, if the grandparent wants to, to take care of the child.

Bank of America also provides monies towards housing and interest-free loans, and tuition reimbursement. You see, when we went to recruit Partnership companies we talked to them about why it was smart for their business. We were able to convince them to make an investment into their future employments, and that the investment would return dividends. Those dividends are higher retention.

Senator BREAUX. So what you are saying is, if you are working for Bank of America or Ford Motor Company that do provide some additional assistance in terms of maybe child care or what have you, maybe even a child care facility on the plant's premises, that takes care of that problem.

I am concerned about all of the millions of former welfare recipients working for Joe's local hamburger place in a small town. They do not have anything. They are at a minimum wage job, and that is not working very well. So, it is really sort of depends on who your employer happens to be, I take it.

Mr. CARROLL. Well, unless you happen to live in New Orleans, for example, where there is a company—I am not sure if it is Joe's, but it is similar—and you have a person that went through the Partnership's Business Link program, we—in this case the Partnership—helped subsidize what Joe's hamburger joint would do.

Senator BREAUX. Your organization.

Mr. CARROLL. That is correct.

Senator BREAUX. So you all actually do a supplemental contribution that takes care of some of that?

Mr. CARROLL. We do what we have to do for retention, to include education assistance, transportation, housing, as long as Joe's hamburger place has some potential to advance such that they could be self-sufficient in one day.

Senator BREAUX. How can we get more people to do what your group does?

Mr. CARROLL. I mean, that is part of the reason why I am glad I was able to be here. Again, let me not try to paint some bright picture where everything is going well. It is not. But I thought it was important that you heard that some things are going pretty well.

You see, what happens is, employers are all the same. They all care about the bottom line. Once you can talk to them about how this is better for their business, why they should invest in this employee for their business, they begin to listen.

Senator BREAUX. Some of them cannot afford it. You are talking about, again, Joe's neighborhood hamburger place that probably does not even have health insurance, maybe, for their own full-time employees.

Mr. CARROLL. That is correct.

Senator BREAUX. So they are in a different predicament than a Bank of America or Ford Motor Company, or what have you.

I think, Ms. Daly, you or Ms. James-Brown, tell me. We take, generally, a single mom who is in the workplace. Now, we have got that done. I mean, the numbers are incredible. The number of people that are not on welfare have really been dramatically reduced. But, in doing that, we still have a great deal of problems left out there.

I mean, Louisiana has a substantially lower number of people on welfare, yet we now have the highest percentage of people living in poverty in the Nation. So, while the number of people on welfare has been going down, the number of people who are poor, we are now first in the Nation. So, there is a disconnect between getting people off of welfare assistance, and yet addressing the real problems of poverty.

I mean, transportation is still a problem. Health care is still a problem.

Ms. DALY. Child care. After-school programs.

Senator BREAUX. Child care is still a problem.

Ms. DALY. In Philadelphia, we did a survey that found that between 70 and 80 percent of the students in low-income neighborhoods had zero supervision between the hours of 3:00 and 7:00. Those were also the times where you found the greatest incidence of crime against the child and by the child. So, after-school programs are major.

Senator BREAUX. Mary, who Sandy testified on behalf of, is absolutely the classic example. Mary gets the job, goes to work. Her 16-year-old daughter stays home, gets in trouble, gets pregnant. So, we have solved some of the problem, but perhaps we have created a larger one because of the three children that had to stay home, almost by themselves.

Ms. JAMES-BROWN. I just wanted to say something about Mr. Carroll, because he happens to have had a work experience in a phenomenal company, UPS, that has been able to really reach out and do some wonderful things for people moving from welfare to work.

The majority of the companies that we have in Philadelphia, as an example, are medium- to small-sized companies. If you talk to a company, as we have through one of our development programs around child care, it takes a critical mass of 10,000 employees before they can locate a child care center at their place of employment.

You have many companies that have shifts, where people are on swing shifts. The ability to get child care when you are on swing shift is impossible. The more recently you have entered the workplace, the more likely you are to have the worst swing shift. So, there are those kinds of issues that really impact on the people.

Senator BREAUX. And the Social Services block grant, which has been cut, those monies could be used for some of those transportation and child care type of things that are so important to make the whole program work.

Ms. JAMES-BROWN. It provides the kind of flexibility that is the glue and provides the infrastructure and seals the holes, everything from information and referral so people can know where to go for services, to funding the actual services that they need, is provided through the block grant.

Senator BREAUX. Ms. Daly, do you have anything to comment on?

Ms. DALY. Yes. I would like to add to that. I thought the testimony from Louisiana was very powerful, and it confirms what many of our agencies are saying. We thought that the hardest problems would be for the mothers of the youngest children who had to go to work because of welfare reform.

But our agencies say, and what some other national studies have shown, is that for the pre-teens and teenagers whose mothers have left welfare to work, they are now more likely to get into trouble, whether it is pregnancy and trouble with the law, dropping out of school, drugs, whatever.

I think it is not just because they are not supervised. It is because they are seeing their mothers and fathers working every day for what they see as chump change and their families not being better off than they were on welfare, because now mom has to pay for day care, and transportation, and uniforms, and other kinds of things.

Senator Carper talked about welfare reform as we all dreamed it was going to be, that people were really going to get these supports to make up the difference between what they earned and what it really cost. In fact, most States have not continued those supports for people beyond 6 months or a year.

So you see half of all of the people who have left TANF, even though they are still eligible, are not getting food stamps. Seventy percent are not getting child care. Forty percent are not getting any kind of subsidized health care for them or their children.

So, in many ways, they are sort of worse off, and the children see that. I am not saying that we should repeal welfare reform. What I am saying is, we should keep the promise. We should make sure that the States have the money to continue those benefits and that they are required to do so.

The Social Services block grant is one of the few things we have now to make up the difference, to have those programs for after school, to provide the services, provide the counseling, provide the day care which is so critical to all of this and is the single biggest unmet need.

The other thing that has changed since the welfare reform passed in 1996, is the rest of the costs in the economy have not stayed the same. There has been this incredible drop in the amount of affordable housing for low-income people.

So, people who, 5 or 6 years ago, had to pay 30 or 40 percent of their income in rent are now having to pay 50, 60, 70, 80 percent for rent. Landlords have not been building new rental housing for poor people. The Federal Government has not invested any new money in subsidizing rental housing.

Not only can people not get Section 8 vouchers, when they get Section 8 vouchers they cannot find landlords who are willing to take them. So, what has been a great economy for everybody else has been really tough on the people in that lower level who work every day but do not earn more than $7, $8, or $9 an hour.

Senator BREAUX. Senator Carper?

Senator CARPER. Thanks, Mr. Chairman.

To our witnesses, welcome. Rodney, it is just great to see you again. Thank you for all that you have done for the literally mil-

lions of people that used to be dependent and are now self-sufficient. They would not be that if they did not have a job to go to. Some of those 22,000 employers that you talked about have provided. It is great to have the child care, it is great to have the health care, it is great to have the job training, the transportation, Earned Income Tax Credit. It is wonderful to have all that. But if you do not have a job to go to and you do not have employers out there that are willing to offer jobs, and particularly those that have some future to them, you do not have much.

So, thank you so much for all of you have done, and continue to do, to bring employers on board, and then to work with them to find innovative ways to meet child care needs and to meet transportation needs.

One of the challenges we had in downtown Wilmington, and we talked about here, is child care for people working a swing shift. We had a problem. We used to not have bus service at nights in northern Newcastle County, which is most of our people live, as Ms. James-Brown knows, in the greater Wilmington area.

The bus basically stopped around 7:00 at night and did not run at night, and did not run on the weekends. Now they run at night, and now they run at least on Saturdays. But they do not run late at night. After about 10:30, they do not run. They do not run, frankly, much on Saturday night or Sunday.

What our employers did, especially in the hospitality business, is they were good enough to hire a bunch of people who had been on welfare and they worked out a collaboration with DELDOT, our Department of Transportation, to provide for a consortium that helps fund after-hour bus service throughout the northern part of our State. It is the kind of private sector/public sector partnership that you hope for, and actually see from time to time.

Mr. Chairman, I am not sure if you are the Chairman of this hearing or not. I presume that you are.

Senator BREAUX. I am.

Senator CARPER. All right. Good, Mr. Chairman.

He has been my chairman for a long time. I am not even on this subcommittee. But he and I were in the House together a million years ago in the Merchant Marine and Fisheries Committee. He chaired my subcommittee. I have always called him Mr. Chairman, so it comes naturally.

But the points you are making on the Social Services block grant, those are the points that we have made by the National Governors Association. Almost every Governor would sit here and say amen to what they are saying on the Social Services block grant, and I would certainly say the same thing as well.

Let me just ask one question, if I could. I would ask the same question I asked the earlier panel. I am not going to suggest welfare reform is perfect. We have not wiped every tear from every eye. Not everybody is better off. A lot of people are, but not everybody is.

I would hold out Delaware as a model. We actually do fund child care up to 200 percent of poverty. That is about $34,000 for a family of four. That does not just cover people in $7 an hour jobs, that covers people in $14 an hour jobs. We are proud of that and feel that is an important commitment to make.

We are able to use some of our TANF money and shift it over to child care. It is important, I think, for the Congress to continue to provide that kind of flexibility so that States can use the money to meet, among other needs, the child care.

I want to go back to the issue of men. We are always punitive to the women, the mothers. If you do not want to go to work, we are going to punish you. We are going to have sanctions against you. We do relatively little with respect to the men, positively or negatively. In some cases it is negative in terms of child support enforcement.

What do you see out there that is working with respect to men, the fathers, to make sure that they have not just the responsibility to do something for the kids, but the incentive and the enhanced likelihood that they will actually, more often than not, do something good for their kids as well?

Ms. DALY. I would like to answer that first.

Senator CARPER. Please.

Ms. DALY. One of the programs that I thought was doing the best job of reaching out to non-custodial fathers and their families—because a little baby needs not just a father, but grandparents, aunts, and uncles—was a program Catholic Charities in Chicago had that worked with those fathers over time and let them know about the job training, the education, the other kinds of programs that were available to them, but helped them understand their responsibilities, talk to them, counsel them. That program has had to be cut because of the cuts in the Social Services block grant. So, I want to make that point.

I think, though, in addition to those kinds of direct things, job training, counseling, and so forth, the single most important thing this committee could do right now is make sure that the child support that is paid by fathers to families who used to be on TANF or are on TANF now, gets passed through to the family.

If you are talking to a father and say, yes, if you turn your life around now, it is going to take you three or 4 years for the State to deduct the money that you are paying in child support from what your family has had in the past in TANF benefits, it is not a real big incentive. They are not going to see that their children are actually going to be better off for such a long time down the road.

So, that provision in the bill that we are considering here that would allow the States—it does not force them—and maybe the Federal Government could pick up some of the losses to the States, so the States would pass through more of that money so that the family could actually see some benefit.

I do not see a father making the kinds of change in his life unless he can see, soon, his children will be better off.

Senator CARPER. That is a helpful recommendation. The fact that it has been actually mentioned by a couple of other people is especially helpful.

Ms. JAMES-BROWN. I would say, also, and it goes back to, Mr. Chairman, what you said earlier about, what is the measure of success. I think it really has to do with self-sufficiency. There are many unintended consequences of welfare reform that prevent people from really reaching self-sufficiency.

A man wants to be able to have savings, to own a home, to be able to have a college education, and more than an entry-level job. There are in some States, and in many situations unintentionally, a lack of incentives or ability for people to go to a community college, for example, and still maintain their status, a lack of ability to save for a home.

I think we really have to look carefully at, first of all, having a right measure of success, which is really self-sufficiency, not just a minimum ability to survive, and make sure that the way that we write the various provisions reflects the ability to allow people to have those types of things that will truly let them be a man and have what they want for their family.

Senator CARPER. Thank you.

Senator BREAUX. Thank you very much, Senator. I thank the panel.

Senator CARPER. Mr. Chairman? Rodney Carroll was going to say one thing, if he could.

Senator BREAUX. Sure.

Senator CARPER. Yes. Please.

Senator BREAUX. I am sorry. I did not see you. How could I miss you? You are a big guy. [Laughter.]

Mr. CARROLL. Senator, one of the things that I had to do when I first came to the Partnership, was to go around and encourage companies to join on board.

What my main goal was to do, was to break down the stereotypes that companies had at that time against welfare recipients. They perceived them to be all kinds of things than what they really were.

Because of that 5 years ago, and year, after year, after year, companies now do not see, by and large, welfare recipients as they were. They see them as people that, given a chance, opportunity, proper training, proper supports, they could be good, productive employees.

That lesson has also led us to talk about ex-offenders. One of the problems I think a lot of men have, is that they may have some criminal background. Companies either have written or unwritten laws, if we are all frank, that they do not either hire or solicit ex-offenders or people with that background.

Now, because of the success of welfare reform, they are now beginning to listen and be able to give them a chance. I think one of the things, and I know we talked about it before, as you know, I think somewhere around 600,000 prisoners or people that were incarcerated will be released this year. A vast majority of them are men.

When they come out, where are they going to go? If they are going to go to a job that basically says, we do not hire people with an ex-offender background, then they do not have too many alternatives.

We are sitting here in the country now in a position where employers are saying, well, let me take a look at this. Let me give them an opportunity. I think that is one of the biggest steps we can make. That is a larger issue.

The biggest welfare program we have got is the prison population. I do not want to go off on a tangent there, but I think that would be a big step toward helping men get jobs.

Senator CARPER. Thanks very much.

Mr. Chairman, thanks for letting me come by and sit in today.

Senator BREAUX. Sure. Absolutely.

Well, I thank Senator Carper for being with us. He has been a real leader on this Nationally, both as a Senator and previously as Governor. This has been very helpful. I think it is good that we have got it on the public record. Now we have had a hearing that has reviewed where we are after this period of time, five years.

Southern University, back in New Orleans, did a study in Louisiana, interviewed people who were formerly on welfare. They concluded that, if success of TANF is defined by a reduction of the TANF rolls, success is clear. If success is defined, however, as families being better off or experiencing less problems or less poverty, the work of TANF has much to do to demonstrate effectiveness.

I think that is clear. An awful lot of people have had a lot of problems. They may be off the welfare rolls, but they still have incredible problems. That is not to say that this great experiment that we have entered into has not been very worthwhile and incredibly successful in many cases.

I think that there is still a bigger picture that we have to look at, and I think this hearing has highlighted that. I think that has been very helpful.

Certainly, I think it adds to the need for something like the Strengthening Working Families Act, and we can build on what we have learned here today to try and move with that legislation as well.

So we thank you very much for your contributions. It has been very helpful.

The subcommittee will stand adjourned.

[Whereupon, at 11:42 a.m., the hearing was concluded.]

APPENDIX

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

PREPARED STATEMENT OF FREDDIE BELTON

Good afternoon Senator Breaux and committee members. My name is Freddie Belton and I am a graduate of the Men's Services Program in Baltimore, Maryland. I am a father of five children—four boys and one girl. I am married and my wife and I have just celebrated our one-year anniversary.

Being married, working and buying a house I feel like a different person than the man who came to Men's Services in 1994. Before Men's Services I used drugs, was involved in crime, and wasn't on track to being the best father. But, with the help of Joe Jones and the program I was able to beat the odds. Part of the reason is they never gave up on me. Even after being incarcerated they stood by me, helped me get clean and find a job. Because of Men's Services I was able to overcome my addiction and recommit myself to my children. Now I see them regularly and I pay child support.

I didn't know that while my children's mother was on welfare they never saw the child support. It's hard knowing that the child support you paid never helped your kids at all. Sometimes after paying child support there is not a whole lot left over, but if I could bring home more money and pay less in taxes I could pay child support, spend more time with my children, less time working and give my family a little more. And live the American dream.

As a result of my former lifestyle I owe a large amount of money to child support, but with the help of Men's Services I'll be able to have some of the debt forgiven as long as I pay child support and take care of my children.

Right now I am working two jobs and looking for a GED program to improve my education and better support my family.

While I have it together I am not sure what my life would be like if it were not for Men's Services. There are not a lot of programs that help guys like me get on the right track. That's why it is important for you to make sure every city has a Men's Services. Because if programs like Men's Services aren't around to help a lot of kids will grow up with out fathers and end up in the same situation. I know. I grew up without my father. Thank you.

PREPARED STATEMENT OF HON. JOHN BREAUX

I am pleased to be here with Senator Jon Kyl, the Ranking Member of the Subcommittee on Social Security and Family Policy, to talk about the struggles experienced by low income working families.

As you all know, we have decreased the cash assistance caseloads in the United States by over 50%. We have moved people from receiving a welfare check to receiving a pay check. I think we all can agree that changing the mentality of dependence to one of independence was the primary goal of welfare reform, and we done much to change that mentality. Still, many people leaving welfare are not earning enough to lift their families out of poverty. These families rely on programs like child care, transportation, and job training, which are the means by which these families become truly independent. Without these supports, people have difficulty retaining jobs. Welfare reform was about getting people back to work, now we need to make work pay and strengthen working families.

Southern University in New Orleans conducted a study on welfare reform in Louisiana during 2000, interviewing 370 persons. It concluded, "If success of TANF is defined by a reduction of TANF rolls, success is clear. If success is defined as fami-

lies being better off, or experiencing less problems or poverty, the work of TANF has much to do to demonstrate effectiveness." This conclusion is based on an increase in hardships experienced by those interviewed, i.e. ability to buy food, pay rent, pay utilities.

Now, as this country enters a recession, it is the true test of welfare reform's success. Louisiana was one of three states in which the median income decreased in the last Census, so I am particularly concerned about the needs of the lowest income families. We have all heard about recent layoffs by the airlines and tourism industry. As was pointed out in a Wall Street Journal article on October 8, this surge of layoffs comes at a time when federal and state governments have made it harder to qualify for welfare and have limited the funds available for benefits by block granting the program and setting time limits. Now more than ever, we can expect increased reliance on the whole spectrum of federal programs intended to help those that most need it.

I worked closely with Senator Bayh, the lead sponsor, and Senator Snowe and others to compile the **Strengthening Working Families bill**, which I believe represents a broad spectrum of federal government programs that help working families make ends meet. Those provisions include:

- **Fatherhood**: New programs to encourage responsible fatherhood.
- **Child Support**: Making the child support system more fair to the families it serves.
- **Earned Income Tax Credit**: Allowing families with 3 children to benefit from the tax credit.
- **Social Services Block Grant**: Increasing the authorization of funds to the level promised in the 1996 reform bill. ($2.38 billion)
- **Child Care Infrastructure Tax Credit**: A tax credit for employers who provide child care.
- **Child Welfare**: Reauthorization of the Safe and Stable Families Act, as well as scholarships for children aging out of the foster care system as proposed by President Bush. (To keep these kids from moving into the welfare system).

Today I want to talk about the potential for federal programs such as those in our Strengthening Working Families bill to lift working families out of poverty, and to make sure that the children are not the victims of the new welfare system. We should use the knowledge gained since welfare reform to guide us in developing programs that are good for families.

I would also like to personally thank our witnesses. This hearing was originally scheduled in September, but was postponed due to the events of September 11. I expected my constituent Mary Frank to testify at that hearing. She was unable to attend today, but Goodwill of Acadiana who helped Mary move from welfare to work is here to read her testimony and speak on her behalf. I also want to thank Freddie Belton for being here to talk about his experience with the Center for Fathers, Families & Workforce Development in Baltimore.

In addition I want to thank Rodney Carroll from the Welfare to Work Partnership, Sharon Daly from Catholic Charities and Christine James Brown from the United Way in Southeast Pennsylvania. The involvement of the private sector and the faith-based community has been essential out there in the real world where welfare reform really happens.

In closing, I want to thank Senator Baucus, the Chairman of the Finance Committee; Senator Grassley, the Ranking Member; and Senator Kyl, the Ranking Member of this Subcommittee, for encouraging this hearing.

PREPARED STATEMENT OF CHRISTINE JAMES-BROWN

Good afternoon. Mr. Chairman, Mr. Ranking Member, members of the Subcommittee, thank you for this opportunity to discuss how United Way and Congress can work together to address the needs of our most vulnerable individuals and families.

United Way of Southeastern Pennsylvania

My name is Christine James-Brown and I am the President and CEO of the United Way of Southeastern Pennsylvania. We are the Commonwealth's largest non-profit organization, focusing donor and volunteer resources to provide solutions for the most essential health and human services issues in our community: *Investing In Our Children and Youth; Building Adult Independence; and Promoting Healthy Living*. We connect people in our community with efficient, effective, rewarding ways to give their time, talent and resources. United Way is a results-oriented organization, measuring our success in terms of impact on our community. In

2000, we raised $54.4 million to support families through innovative community solutions.

United Way of Southeastern Pennsylvania is one of 1400 United Ways across the country striving to build safe, healthy communities. We bring diverse people and resources together to address the most urgent issues our communities face. Through unique partnerships and approaches, United Ways mobilize resources beyond the dollars that are pledged through their fund-raising efforts. Community partners often include schools, government policy makers, businesses, organized labor, financial institutions, voluntary and neighborhood associations, community development corporations, and the faith community.

Restoration of the Social Services Block Grant

United Way is deeply concerned about recent cuts to the Social Services Block Grant (SSBG). Title IV of the Strengthening Working Families Act of 2001 (S. 685) would restore SSBG funds to $2.38 billion with a 10 percent TANF transfer, the amount promised to states in welfare reform. I strongly urge you to pass this legislation.

SSBG has suffered drastic cuts of over a billion dollars in just five years. Pennsylvania funds have been cut by over $38.9 million in that time period. In January 2000, United Way of America (UWA) conducted a survey to assess the impact these cuts have had nationwide on United Ways and United Way funded agencies. Of the agencies that responded, 46 percent were forced to serve fewer clients; 32 percent had to cut staff; and 17 percent cut vital programs to compensate for cuts in SSBG funding since 1995. Cuts to SSBG force agencies to make impossible decisions on who to help and who to leave behind. Further cuts will decimate these and other non-United Way agencies. Unless Congress acts, FY 2002 funding will be further reduced to $1.7 billion, as a result of provisions of the Transportation Equity Act for the 21St Century (TEA–21).

SSBG is an integral part of local social services and is the first step in ensuring that people in need will not be denied vital services. SSBG allows communities to go beyond short-term band-aid repairs and focus on long-term solutions. By helping to keep the disabled and older Americans living independently, by supporting prevention initiatives such as youth development and early childhood programs, and by promoting self-sufficiency, SSBG saves the federal government and the nation's taxpayers the cost of expensive institutional care, intervention services, and welfare programs.

Federal SSBG funds are allocated to the states on a per capita basis and then often passed on to local governments and non-profit service providers. Services are provided to low-income individuals and families, people in jeopardy of entering a nursing home or institution because of a lack of services and support, children and adults who have been abused or neglected, and other vulnerable populations. Some of the agencies that receive SSBG funding at the local level include: Catholic Charities, Child Family Services, Lutheran Services, Area Agencies on the Aging, and United Cerebral Palsy Associations.

In 1999, 281,125 children and adults benefited from SSBG-funded services in Pennsylvania. SSBG in Pennsylvania is used by the state for community services programs for persons with physical disabilities, domestic violence victims, legal services, rape crisis, subsidized child care, youth development services, and family planning. In addition, counties utilize it for early intervention services, child welfare, community mental retardation and mental health services, homeless assistance, and adult attendant care.

In FY 1999, SSBG helped over 12.5 million individuals across the country receive services. It is often referred to as the glue that holds state and local social service systems together, as its flexibility makes it the keystone of a large, diversified array of human services programming. State and local prevention and treatment services to abused and neglected children reached over 1.3 million children and their families. SSBG also helped over 1 .65 million individuals and families by providing them with information and referral services to connect them with necessary services within the community.[1] In FY 1999, 804,000 older Americans and over 975,000 persons with disabilities benefited from SSBG. While other funding streams are available for many of the services provided by SSBG, it is not sufficient to meet the need. For example, Pennsylvania received $242,944 through Title VII Elder Abuse under

[1] *Social Services Block Grant Program Annual Report on Expenditures and Recipients 1998*, Office of Community Services, the Administration for Children and Families, U.S. Department of Health and Human Services.

the Older Americans Act, yet needed an additional $1.57 million from SSBG for adult protective services for prevention and intervention of elder abuse.

If cuts continue and funding isn't restored, the most vulnerable of our population will suffer: older Americans and the disabled will be unnecessarily institutionalized; domestic violence victims will be placed on waiting lists for shelters and counseling services; children will be denied basic services like child care, after school programs; and the working poor will not be able to access critical work supports.

Now More Than Ever

The tragedy of September 1 1 11th and the economic downturn are compounding the needs of our communities. Because of SSBG's flexibility, states can react quickly to fund emergency services such as counseling, case management, transportation, foster care, information and referral and volunteer coordination for a broad population. For example, in response to riots and natural disasters in Los Angeles in the early 1990s, the city used SSBG funds as part of a crisis response to provide mental health counselors to teach adolescents how to deal with stress and develop coping skills.

The state of Connecticut is using United Way 211 Infoline, an information and referral call center funded in large part by SSBG, to serve as the victims' assistance line for the families of Connecticut residents who were lost in the Word Trade Center. Capacity of the center has been increased as state employees have been trained to answer calls. 21 1 Infoline's vast database of service providers is being used to guide the families of the victims to the resources that will help them with many issues including bereavement and financial support. In Pennsylvania, SSBG provides 100 percent of the federal funds directed towards similar information and referral services.

Supporting Low-Income Individuals and Families

Families thrive in healthy neighborhoods with access to economic opportunities and social networks.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA / P.L. 104–193), better known as welfare reform, established a new structure for the nation's welfare system focused on promoting self-sufficiency. Since the enactment of PRWORA, welfare rolls have declined more than 50 percent, from 5 million families in 1994 to 2.2 million in June 2000.[2] During this time, the number of families living in poverty decreased from 13.1 percent in 1994 to 10.2 percent in 1999.[3]

These are tremendous successes, however there is also cause for concern. According to the U.S. Bureau of Census, the rate of families in deep poverty (below half the federal poverty level) has actually increased in that same time period.[4] The Urban Institute finds that 40 percent of those who leave the welfare caseload are still in poverty and that states are unable to account for 20 percent of those who leave welfare.[5]

Further, the successes of welfare reform in the mid to late nineties happened during a time of unprecedented economic growth. Unfortunately, those times are changing. It is evident that the nation is in the midst of an economic slowdown and many economists fear that a recession is inevitable. According to the Labor Department, 199,000 Americans lost their jobs in September, the worst monthly showing since the recession 10 years ago. This number does not reflect the layoffs that occurred after the September 11 attacks. More than 1,100 workers in the aviation industry lost their jobs in Philadelphia alone. As we know, low-income families often feel the brunt of economic troubles. In many cases, individuals who recently found employment and are struggling to transition off of welfare are among the first to lose their jobs. Provisions within S. 685, particularly SSBG restoration, expansion of the Earned Income Tax Credit (EITC), and increasing funds for the Safe and Stable Families Act would help states prepare for an influx of need during an economic downturn.

In Pennsylvania, about 54.5 million people rely on food stamps each month with almost 250,000 still relying on cash assistance. Food cupboards and pantries report

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[2] *From Welfare to Work*, Isabel Sawhill, Brookings Review, Welfare Reform and Beyond, Summer 2001.

[3] *Current Population Survey*, U.S. Bureau of the Census, Poverty and Health Statistics Branch/HHES Division.

[4] *Welfare Reform Reauthorization: An Overview of Problems and Issues*, Ron Haskins, Isabel Sawhill, and Kent Weaver, The Brookings Institution Policy Brief No. 2, January 2001.

[5] *How are Families That Left Welfare Doing? A Comparison of Early and Recent Welfare Leavers*, Pamela Loprest, The Urban Institute, New Federalism National Survey of America's Families, Series B, No. B–36, April 2001.

that they are being visited regularly by families, not just in emergencies. Many of these programs were not set up for this type of continuous need. But this has increasingly become the situation.

We at United Way of Southeastern Pennsylvania have been working with others to monitor what's happening to families in our community during welfare reform. Our results are similar to those of national studies—many parents are working but still living in poverty; many more children need child care and youth opportunities because their parents and neighbors are at work, often far from their homes. We have found too many families struggling to find decent housing, to pay their utility bills and put food on the table. In our last report on the housing needs of low-income families, we found that more than 27,000 families had applied this year for the mere 4,000 available Section 8 Vouchers for housing. The waiting list for public housing was equally discouraging.

We have reached out specifically to assist families in securing health care insurance and health care for their children, helped initiate programs to assist new workers in securing transportation to work, developed major initiatives to support youth development and improved access to and quality of child care, worked with community groups to provide safe supportive places for families to turn for guidance and protection, assisted families in securing benefits and developed programs to encourage training, support and assistance for new workers. Additionally, we have worked with our member agencies to support them in their new responsibilities.

We have refocused our efforts and developed new strategies but the future presents many challenges. There are more than 12,000 families or about 36,000 children and parents whose time on cash assistance will be over in the spring. The economy is taking a turn for the worse and most predictions are that there will be more children coming into substitute, relative or foster care next year. People rely on United Way and our partners in times of need; we know that in the coming months, we will have to do even more. We need your help.

United Way System Responds to Recent Tragedies

The devastating events of September 1 1, 2001 will have a lasting effect on people and communities across the country. Beyond the lives and buildings shattered by the attack, the images of devastation that we witnessed as a nation will forever tarnish our sense of security. The 1400 member United Way Movement is committed to leading the country's caring people and organizations through the recovery and rebuilding process, community by community.

United Way works within the systems and institutions already in place to maximize the helping potential of agencies, businesses, governmental entities, institutions and individuals to help meet the immediate needs. At the same time we plan for the longer-term healing and rebuilding phase to come. Though United Way rarely provides direct disaster services, we are a significant funder of American Red Cross, Salvation Army, and other disaster relief organizations.

As a leader in the community, United Way is identifying urgent needs and gaps, as well as the most appropriate resources to satisfy them. We have an intimate understanding of communities that helps us connect people who can offer help with the people who need it most. While United Way is best known for mobilizing volunteers and donors to advance the work of health and human service agencies, we also activate resources beyond the agencies we fund by bringing together the organizations that are most capable of tackling critical issues.

Even in the world's wealthiest country every community faces its own set of challenges. Challenges that make it difficult for all children to develop into productive citizens. Challenges that tear at the fabric of our families. Challenges that even the strongest, most effective governments can't single-handedly overcome.

Strong communities provide hopeful answers to many of our toughest problems. Mentors for children. Treatment for drug addicts. Shelter for the abused and homeless. All of us have a responsibility to promote these efforts—now more than ever. This has been a trying time for our Nation and for the world. Yet in the face of the worst of evil, we have seen the best of America.

United Way will continue to work with our partners to build strong, healthy communities but we need the tools to do this. The Social Services Block Grant is one of our most powerful tools and its funding must be restored. Thank you for your time. I would be pleased to answer any questions that you may have.

PREPARED STATEMENT OF RODNEY J. CARROLL

Good afternoon Senator Breaux and honorable members of the Senate subcommittee. Thank you for inviting me here today to discuss how the American busi-

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ness community believes we can support those individuals and families who have moved from welfare to work and ensure that people who work hard and play by the rules get an equal chance at achieving the American dream.

My name is Rodney Carroll, and I am the President and CEO of The Welfare to Work Partnership. The Partnership was set up in 1997 as a direct response to the sweeping welfare reform legislation in order to mobilize the business community to hire and retain those transitioning off the welfare rolls.

Before the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 was signed into law, most Americans viewed the welfare system as dysfunctional. The system was ineffective and costly; it trapped millions of Americans in a vicious cycle of dependence. What started with good government intentions had turned into a system in which parents lost opportunities in the present and children lost hope in the future.

While business leaders sympathized with the plight of families mired in poverty, the rationale for hiring welfare recipients had to be based in something more than compassion or charity. It had to make good *business* sense. Thanks to a booming economy and the lowest unemployment rate in more than three decades, American businesses desperately needed more workers to sustain and expand their workforce. If this nontraditional source of labor would help expand their production and increase their bottom line, employers would do their part.

That business imperative—combined with the passage of the new law and a series of impassioned public challenges from public leaders like yourselves—persuaded more and more employers to expand their recruiting methods to include former welfare recipients for new entry-level workers.

Continuing Need

In an effort to better understand our 20,000 Business Partners' hiring needs in these turbulent economic times, The Partnership conducted a brief, 48-hour internal survey. We represent a large cross-section of businesses from different industry sectors and states. We realized that many were affected by the events of September 11th and have been forced to scale-down their workforce. But all sectors of industry were not equally affected: In this survey, we found that *nearly two-thirds of our businesses report a continued need for entry-level workers*. And, the majority has not had to layoff their welfare to work hires, a concern expressed by many in anticipation of a recession.

Our field offices in Chicago, Los Angeles, Miami, New Orleans, and New York—where we work directly with Business Partners to place and retain new workers—report that demand for entry-level employees has not ceased. While the situation is direr in the tourism and service sectors and should warrant our utmost concern, this continuing need for workers is welcome news.

The Job is Not Done

Our nation must not only find ways to continue to place new workers off welfare, but to retain and promote them as well. A key to success, according to many of our Business Partners, is thinking strategically about the challenges that confront many working families who have left welfare, and responding with direct solutions. We know from past survey's conducted for our organization by Wirthlin Worldwide, a national polling firm, that the only way a company cannot improve their retention is by doing nothing. We encourage you to join us in doing something:

Work supports can help boost job retention. High job retention rates do not happen accidentally. As employers have learned what keeps new workers on the job, they have adapted workplace practices to ensure greater success.

- **Child care, transportation and life skills**. Partnership employers consistently report that investments in child care, transportation and life skills do the most to promote retention of their welfare to work hires. Unfortunately, employers generally are not able to address these challenges on their own. Just 22 percent of The Partnership's businesses offer any transportation assistance to their new workers, for example, and even fewer are able to pay for child care or specific life skills training. Employers believe that some of these issues are not the responsibility of the business community but are more than willing to assist with these efforts with help from the community and government.
- **Mentoring**. Mentoring provides personal attention during the first critical months on the job and helps entry-level workers address obstacles before they become a problem for the employer. More than 52 percent of Partnership businesses offer some form of mentoring for their welfare to work hires, either in-house through workplace volunteers, or by partnering with faith- or community-based, civic and social organizations. Those with mentoring programs see positive results, with 75 percent reporting improved work performance, 67 percent

reporting higher job retention, 63 percent seeing reduced absenteeism, and more than half reporting a cost savings.

- **Education and training**. Employers do not generally expect their entry-level job applicants to arrive for their first day of work with all the needed technical skills. But employers *do* see the value of investing in post-employment education and training to develop new workers and give them the tools needed to succeed on the job. More than three of every four Partnership companies offer ongoing education and training to their welfare to work hires, and the payoff is striking—80 percent see improved work performance, 68 percent experience improved morale and 60 percent see higher retention.
- **Government-sponsored work supports improve retention, too**. In an effort to encourage welfare recipients to transition off the rolls and into jobs, lawmakers have enacted and expanded a range of temporary work supports that help ease the journey from welfare to work. Too often, these programs—such as health insurance, child care, food stamps and transportation and housing subsidies—do not get into the hands of those they are intended to help. Sometimes, former welfare recipients want a clean break from a system that they find demoralizing and choose not to pursue continued support. But, too often, recipients simply do not know these supports exist and local public assistance offices fail to adequately communicate with eligible families about the benefits to which they are still entitled. Burdensome application requirements and paperwork can further discourage recipients from applying.

  Financial wage supplements can greatly enhance a new worker's income and help stabilize their families during the transition from welfare to work. For example, Partnership companies recognize the value of the existing Earned Income Tax Credit (EITC) to lift low-wage workers out of poverty. The Partnership supports the provision of the Strengthening Working Families Act that increases its value for families with three or more children and the proposed changes to "phase out" the credit more gradually. Many employers also support policies that disregard a part of a family's earnings when determining whether they are eligible for continued welfare benefits. The effect: People may continue to collect part of their cash benefits from TANF until their wages rise to a point of sustainability for themselves and families.

  While these supports are pivotal to new workers, they also benefit employers by providing one more resource to retain and advance new workers. Small companies and those who only offer part-time work will especially benefit, as they tend to be the least able to offer employer-sponsored supports. While there is no substitute for a well-paid job with comprehensive benefits, where that is not possible, public programs such as these can make the difference between success and failure for fragile families.

Businesses want to promote their new workers and are learning how best to achieve that goal. Advancing up the career ladder is the best way to ensure economic self-sufficiency for many hard working families. Like all other workers, those leaving the welfare rolls need to know that they, too, will have the opportunity to advance. Seventy-nine percent of The Partnership's companies hire welfare recipients for promotional track positions and 91 percent offer training that could lead to a promotion. Almost all (94 percent) of the former welfare recipients hired by Partnership businesses receive their first pay increase within one year on the job. Their pay raises are on par with their non-welfare, entry-level colleagues. In another encouraging sign, 37 percent of Partnership companies have seen some of their welfare to work hires move on to a better job with another company.

Not surprisingly, many of the strategies employers are using to shore up retention for their new workers are frequently the same factors that drive job promotion. For example, Partnership surveys find that mentoring is the single-most effective strategy for ensuring promotion, while other research shows that education and training can do the most to help promote a new hire. The most successful mentoring initiatives frequently involve partnerships with outside agencies and are formally recognized by the company. Companies see mentoring as an important way to address many challenges, including work-readiness, employer-employee relationships, child care, transportation and other personal issues.

Fathers are important, too

Partnership companies understand that welfare reform cannot realize its full promise unless the *fathers* of children on welfare have every chance to support their families. Indeed, many Partnership companies are eager to expand the progress they have made with their new female employees by tapping the large pool of underemployed men who are more loosely associated with the welfare system. Under the 1996 law, many of these men were held more accountable than ever to support

their children. At the same time, many of them are not ready to enter the workforce without some assistance. Local initiatives that focus on the needs of these fathers will find many employers receptive to giving them opportunities to support themselves and their families.

Conclusion

A few years ago, welfare to work was little more than an idea. Today it is a reality across America. Companies have proven that welfare to work is as good for their business as it is for the community. And, welfare recipients have proven that when employers give them a chance and they have the right employment-related supports, they can make the successful transition from welfare to work. **Together, they have proven that welfare to work is a smart solution for business.**

We are encouraged to report that businesses will remain engaged in the welfare to work effort. Having experienced success first hand, businesses will be working harder than ever to build on the progress to date.

I look forward to working with Senate and the House of Representatives as we move forward. Thank you for the opportunity to address you today.

PREPARED STATEMENT OF SHARON DALY

Mr. Chairman, Senator Kyl, and members of the Finance Subcommittee on Social Security and Family Policy: My name is Sharon Daly, and I serve as Vice President for Social Policy at Catholic Charities USA. I would like to thank you for the opportunity to testify before this Committee on the challenges facing working families in America. Catholic Charities USA is the national association of more than 1,400 independent local Catholic Charities agencies and institutions with more than 250,000 staff members and volunteers. In 1999, Catholic Charities' programs served nearly 10 million people of all religions—or of no religion—and of every racial, ethnic and social background.

The Events of September 11, 2001

Mr. Chairman, I was originally scheduled to testify before this Committee in support of the "Strengthening Working Families Act of 2001" on September 12, 2001, the day after the attacks on our nation that occurred in New York, Arlington, and Pennsylvania. I received your original invitation while I was attending the Catholic Charities USA Annual Meeting, which brought together over 900 staff members from Catholic Charities agencies throughout the country. Each year at our Annual Meeting, we hold a hearing, modeled after Congressional hearings, to give our membership an opportunity to educate us about the problems facing the individuals and families coming through their doors for assistance. And the single most important theme that resonated throughout all of the testimony we heard this year is that our nation's public policy is failing working families.

Of course, in the days following September 11th, so many things changed. Since the terrorist attacks, Congress and the Administration have had to turn their attention to the pressing issues of national security, of disaster response, and lately, of whether or not to pass economic stimulus legislation. Many of our Catholic Charities agencies have been heavily involved in disaster response efforts in their communities. As a result, we are fully aware of the importance of focusing on the urgent national security needs and economic challenges facing our nation in the wake of the terrorist attacks that occurred on September 11th.

Indeed, Catholic Charities USA and our member agencies are committed to doing everything we can to help aid in the nation's efforts to recover from the terrible attacks that were inflicted on this country on September 11th. First and foremost have been our efforts to provide grief counseling to those who were either victims of the attacks, or lost loved ones to the terrorists' activities. Helping families get through this tragedy emotionally and spiritually is where we believe we can have the greatest impact in the immediate aftermath of this disaster.

Our agencies have also been helping victims and their families recover from the devastation and its impact across the nation by providing assistance with burial services, emergency cash, food, clothing, and shelter, job placement and other services their communities may need.

Our agencies are also preparing to meet the long-term needs of those affected by the attacks. This includes not only those who were injured in the immediate attacks, and the families of those killed, but also those who have lost their livelihoods as a result of the attacks. From recent immigrants who cleaned buildings in New York that no longer exist, to airline workers among the 100,000 who have been laid off, the ripple effects of this disaster will be felt far beyond the epicenter of the attacks.

So while much has changed since September 11th, many things remain the same. Notably, the urgent domestic needs that Catholic Charities agencies gathered to discuss last month—including the need for an adequate minimum wage, for more child care assistance, for the production of affordable housing, and for the provision of health care to the uninsured—still exist. In fact, in many cases, these domestic needs will be exacerbated by the economic downturn that appears to be deepening since the September 11th attacks. Low wage workers (those who make at or just above the minimum wage) are the first to feel the impact of an economic downturn, and are the least able to withstand its effects. Accordingly, it is more important now than ever for Congress to take steps to aid the working poor.

The Working Poor

Mr. Chairman, last August marked the five-year anniversary of welfare reform. As numerous policymakers and pundits have reminded us, since the creation of the TANF block grant, welfare caseloads have plummeted, and 60 percent of those who are leaving the welfare rolls are employed.

Last month, the Census Bureau released new figures showing that, overall, the nation's poverty rate declined to 11.3 percent in 2000, its lowest level since 1974, and poverty among families with children declined almost twice as rapidly as poverty among families with no children. In light of the increased number of people at work, and the decline in the official poverty rate, it is natural to expect that Catholic Charities agencies would experience far less demand for their services.

Unfortunately, the opposite is true. Every day, Catholic Charities staff provide help to parents who labor in backbreaking jobs that make life easier for all of us, yet still cannot afford to put food on the table after spending so much of their income on rent and child care. They clean our houses and our office buildings. They care for our children in understaffed day care centers, or for our parents in nursing homes and long term care facilities. They stock the shelves in our supermarkets. They harvest our food in the fields, get meat and poultry to market in the slaughterhouses, and prepare food and serve it in restaurants and cafeterias. They have provided the difficult and often backbreaking labor that has played a large role in creating and sustaining this nation's recent economic boom.

Yet despite all their hard work, they cannot make ends meet. Last year, requests for emergency food assistance nationwide, including at Catholic Charities agencies, were up 30 percent, mostly from the working poor. According to our front line caseworkers, the typical family coming to us for emergency food assistance is a parent working at or even $1 or $2 above the minimum wage. Each month, after paying rent, utilities and child care costs, and arranging transportation to and from her job (often far from where she lives), she has no money left to put food on the table. And that's a good month. If she gets sick, for example, and has unpaid medical bills, or loses time off work, she will get behind in the rent.

The experience of our local agencies may seem difficult to reconcile with the generally positive economic news of the past eight years, especially the poverty statistics I cited above. How can it be that working families have had to come to churches and charities for food in the midst of the strongest economy that this country has ever seen? How can so many families be living so close to the edge when the nation's poverty rate fell to its lowest level since 1979, and when poverty among African Americans (22.1 percent) and female-headed households (24.7 percent) were at their lowest levels ever?

This phenomenon is easier to understand if you look closely at the official definition of poverty, and compare that with what it really takes a family to live, factoring in the actual costs of the basic expenses: rent, utilities, child care, transportation to work, and of course, food. The fact is, parents aren't earning enough to cover these basic expenses and make ends meet without government assistance. And, unfortunately, government assistance has often been missing or inadequate.

The Ford Foundation Report recently published an article titled: "The Real Cost of Living: Self-Sufficiency May be the Next Frontier for U.S. Welfare Reform." The Self-Sufficiency Standard is a tool that has been designed to more accurately measure the amount of income a family needs to survive, taking into account *actual, local costs* for basic needs like adequate housing, food that meets minimum nutrition levels, child care and transportation to work. While I don't actually like the term "self-sufficiency"—no one in society is truly "self-sufficient"—the measurement makes an important point. The federal poverty guidelines, which are based on the premise that a family's primary expense is food, are no longer an accurate measure of what a family needs to survive without assistance from government or private charities. Today's families spend the bulk of their income on housing and child care.

The article features the story of a low-wage mother of two young children, working 50 hours per week at $8.50 per hour—or $18,000 a year—yet struggling to make

ends meet. Under the standard federal poverty measurement, this young mother is well over the threshold of $14,630 for a family of three. Yet she walked into her local Catholic Charities agency in Allentown, Pennsylvania, for emergency food assistance. She would need to earn $14.98/hour—almost double her current wage—to meet her family's basic needs without assistance. This example illustrates precisely the reason there is such a disconnect between the glowing accounts about reductions in child poverty and unemployment in the past five years, and the actual struggles of working parents who are truly living on the edge.

Addressing this growing disparity must be of primary concern to the federal government because, without government action, the situation will only get worse. Throughout the 1980s and 1990s, the richest one percent of Americans saw their wealth grow by an average of $414,000—an increase of 157 percent—while the poorest 20 percent of Americans saw their average wealth decrease by $100.[1] While those at the top of the economic ladder are thriving, working parents are finding it impossible to provide for their families. As the U.S. Conference of Catholic Bishops stated in its Pastoral Letter, *Economic Justice for All:*

> The obligation to provide justice for all means that the poor have the single most urgent economic claim on the conscience of the nation . . . to see a loved one sick is bad enough, but to have no possibility of obtaining health care is worse. To face family problems . . . can be devastating, but to have these lead to the loss of one's home and end with living on the streets is something no one should have to endure in a country as rich as ours.

The poor cannot be helped only through private charitable giving or private volunteer efforts, though these are important components in any just society. Our Catholic teaching tells us that it is the also the responsibility of *society, acting through government*, to assist and empower the poor, the disadvantaged, the disabled, and the unemployed. The principle of subsidiarity is an important component of Catholic social teaching, but it does not mean that the federal government should cede responsibility for the poor. Rather, the principle of subsidiarity acknowledges that many challenges facing the poor are *national* in scope, will be beyond the capabilities of private charities, or even local and state governments, to address, and can best be remedied by federal legislation. The factors that make it so difficult for working parents to provide for their families—working for less than a living wage, a shortage of affordable housing and quality child care, and a lack of access to health care—are national problems that require a national solution.

Recommendations for Reform

I. CONGRESS SHOULD PASS S. 685, THE STRENGTHENING WORKING FAMILIES ACT

S. 685, the "Strengthening Working Families Act of 2001," contains six distinct initiatives that would greatly contribute to the living standards of the working poor. I would like to thank you, Mr. Chairman, for cosponsoring this legislation introduced by Senators Bayh and Snowe, and also cosponsored by Senators Daschle, Rockefeller, Graham, Bingaman, Kerry, Lieberman, Dodd, Kohl, Carper, Clinton, Johnson, Landrieu, and Lincoln. Catholic Charities USA has long supported a number of the provisions included in this legislation, including provisions to promote responsible fatherhood, ensure child support is paid to families first, expand the Earned Income Tax Credit, and restore the Social Services Block Grant.

Title I—Promoting Responsible Fatherhood: Title I of the Strengthening Working Families Act would fund programs, including faith-based and community programs, designed to promote and sustain marriage, to encourage non-custodial parents to become more involved in the lives of their children, and to provide job training and other services to help non-custodial parents contribute to the support of their children. As a general matter, children raised with the involvement of both parents develop fewer behavioral problems, perform better in school, and experience higher levels of sociability. We strongly support programs that seek to increase the number of fathers who are involved in their children's lives, and applaud your efforts to devote additional federal resources to fill this critical need.

On the subject of fatherhood and marriage, however, I would encourage this Committee to consider an additional fact: for the past 60 years, state and federal welfare policies have discriminated against married couples and two parent families. If we are serious about promoting marriage, Congress should require states to remove the barriers to TANF eligibility for two parent families.

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[1] "Pathbreaking CBO Study Shows Dramatic Increases in Income Disparities in 1980s and 1990s: An Analysis of CBO Data," Isaac Shapiro, Robert Greenstein, and Wendell Primus, Center on Budget and Policy Priorities, Revised May 31, 2001.

Title II—Child Support Distribution to Families First: At Catholic Charities USA, we believe that the primary goal of the child support system should be to ensure that children receive adequate support from their parents. For that reason, we strongly support legislation allowing states to "pass through" child support payments directly to custodial parents and their children. If fully implemented, such provisions could result in more than $1 billion per year in additional income for children on the edge of poverty. By passing S. 685, Congress could ensure that child support paid by non-custodial parents, primarily fathers, reaches the children on whose behalf it is paid, and can give low-income families the help they need to succeed without welfare.

Under current law, a family receiving cash assistance under the Temporary Assistance to Needy Families (TANF) program is required to assign to the state its right to child support payments during the assistance period. This can be discouraging for non-custodial parents who pay support for their children, only to see the money retained by the state instead. In addition, it can make the challenge of leaving the TANF program that much more difficult for needy families. S. 685 would address these problems by giving states the flexibility to "pass through" child support payments directly to custodial parents and their children. For families who are struggling to become self-sufficient, child support payments can provide a critical boost. Indeed, studies have shown that when households headed by single mothers receive child support payments, their poverty rate drops from 33 percent to 22 percent.[2]

S. 685 would also ensure that, once a family has left welfare, all child support is paid to the family first. In 1999, a record $1.3 billion in past-due child support was collected through the tax refund intercept program. Under current law, these funds are retained by the state and federal government to satisfy assigned child support arrearages; only after those debts have been paid does the family receive any share of the funds. S. 685 would provide that all funds, including tax intercept funds, go first to satisfy obligations to families who are no longer receiving welfare.

I know that these child support provisions are not without their detractors, particularly among those who are concerned about the revenue that will be lost to states if a child support pass through system is implemented. But at a time when so many families, including single parent households, will be facing loss of income because of increasing unemployment, we at Catholic Charities are more concerned with shoring up revenue lost to those households, and those children. I hope that Congress will at a minimum consider enacting the federal tax refund intercept portion of the child support legislation this year, perhaps as part of an economic stimulus package.

I would also like to mention one other provision that we are pleased has been included in Title II. Title II contains language to give private agencies performing child protection services equal access to funds to train child welfare workers. Under current law, Title IV–E of the Social Security Act provides an enhanced match rate of 75 percent of the costs of providing short-term training for workers in state-run child welfare programs. Specifically, Title IV–E provides the enhanced match for funds spent to train state or local government employees, employees of private child welfare agencies that provide institutional care, and current or prospective foster or adoptive parents.

Unfortunately, current law fails to recognize that, in some states, private agencies, including Catholic Charities agencies, care for the majority of children in the welfare system. In Illinois, for example, three out of every four children in the foster care system are cared for by private agencies.

We believe it is essential that workers in private agencies have access to Title IV–E training funds when they are performing the same services as workers in state and local agencies. For that reason, we strongly support legislation that will allow all state-approved child welfare agencies to access federal funds to train their workers, and we thank the sponsors of S. 685 for including this provision in the legislation.

Title III—Earned Income Tax Credit Expansion for Larger Families: Title III of the Strengthening Working Families Act would increase the Earned Income Tax Credit (EITC) for low-income families with three or more children and simplify the EITC rules, thus improving taxpayer compliance and reducing error rates. The EITC is the only individual tax credit that provides a federal payment when a filer's tax credit exceeds income tax liability, lifting 2.6 million children out of poverty

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[2] Testimony of Vicki Turetsky, Senior Staff Attorney, Center for Law and Social Policy, before the Subcommittee on Human Resources, Committee on Ways and Means, U.S. House of Representatives, May 18, 2000.

while encouraging work. Because it is available only to households with earnings, it contributes greatly to the economic well-being of low-income working families.

Yet, while middle income and affluent families get the full benefit of the personal exemption for all of their children, low-income working parents receive the EITC for only a maximum of two children. Child poverty rates are significantly higher among families with three or more children (28.6 percent) than families with two children (12.4 percent).[3] Given the EITC's proven role in lifting families out of poverty, expanding the credit for families with more than two children is an important step in addressing this problem.

Mr. Chairman, I would also note that the EITC still contains a marriage penalty. We appreciate the provisions that Congress included in the recent tax cut legislation to provide some relief for married couples who qualify for the EITC. The provisions in the recent tax cut legislation will allow married couples to remain eligible for the EITC with incomes up to $1000 more than under current law. That amount will increase to $3000 more than the current level by 2008. Further increasing the phase-out range for married couples to claim the EITC would provide assistance to even more low-income families.

Title IV—Restoration of the Social Services Block Grant: I am particularly pleased that S. 685 contains provisions to restore the Social Services Block Grant (SSBG) to $2.38 billion, the level promised to states in the 1996 welfare law. One of the most distressing legislative developments of the past five years was the action Congress took to cut the SSBG program by one-third, and transfer the budget authorization to the highway bill. *This is truly incomprehensible!*

The Social Services Block Grant is the primary source of federal funds for community groups and religious agencies to provide counseling, social services and other help to working families. SSBG funds are typically used for programs such as foster care, child abuse prevention, aid for pregnant teens, transportation for people with disabilities, and services for the elderly.

At our recent Annual Meeting, Catholic Charities of Chicago testified about the programs they run with SSBG funds, which include their highly successful programs for pregnant and parenting teens. These programs have reduced infant mortality rates to 2 out of 1000 births, improved average birth-weights of infants to 6.8 pounds, and dramatically improved high school graduation rates. Fully 90 percent of the program participants go on to graduate from high school, compared to the 50 percent graduation rate for students generally in the Chicago Public Schools. Are these the individuals we want to bear the burden of building our highways?

Local Catholic Charities agencies that rely on these funds have had to scramble to find ways to continue providing services in the face of SSBG cuts, and unfortunately that task has become increasingly difficult. Unless SSBG funding is reinstated at $2.38 billion—the level promised to the states in 1996 when TANF legislation was passed—significant cuts in services for the most vulnerable among us are likely.

Title V—Encouraging Employer-Sponsored Child Care: Catholic Charities USA agrees with the need for Congress to do more to ensure access to quality child care services. Next to the lack of affordable housing, our agencies report that that lack of affordable, quality child care is a critical obstacle to success in retaining a job and advancing in the workplace. While TANF requires mothers receiving welfare assistance to get and maintain employment, less than 15 percent of eligible families receive day care subsidies.

There are a number of factors that make it difficult for low-income families to find or afford quality child care. Parents lacking job experience or skills frequently have to accept jobs on weekends or the night shifts, when office buildings need to be cleaned or fast food positions need to be staffed. Child care during these non-traditional hours is woefully scarce, and parents often must turn to substandard substitutes. State subsidy rates are below the local fair market rates. Inadequate subsidies deprive parents of genuine options in choosing day care providers, keep poor children out of existing quality child care programs, and limit providers' ability to attract qualified staff with adequate salaries or improved benefits. Child care workers are seriously underpaid; the average salary is $14,000. These low salaries also often don't include benefits and contribute to a high rate of staff turnover, which is difficult on the children in care. The inability to attract and retain quality workers to care for our nation's children is a problem that must be addressed. And, finally, there are not enough child care dollars to serve all who are eligible for assistance.

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[3] "Should EITC Benefits be Enlarged for Families with Three or More Children," Center on Budget and Policy Priorities, July 10, 2000.

In addition to the provisions in S. 685 designed to encourage more employer-sponsored child care, we hope that the Senate will consider the need for an increase in Child Care and Development Block Grant (CCDBG) funding. We are grateful that Congress provided a significant funding increase in the CCDBG for FY 2001. Nevertheless, this increase does not come close to meeting the need. We urge Congress to increase the FY 2002 CCDBG budget by $1 billion. This increase should be part of an annual Congressional commitment to narrowing the gap between the children who receive CCDBG aid and the number who need it. And CCDGB funds must be used to address the urgent need for more child care facilities to provide non-traditional hours of service. Since child care facilities are often inaccessible and unaffordable for people who are poor, families living in poverty are forced, in many cases, to settle for substandard child care arrangements.

Finally, Congress should pass the "Child Care Quality Incentive Act" (S. 1000/H.R. 2097). This legislation, introduced by Senator Jack Reed and Representative Sanford Bishop, provides incentives for states to increase quality, including tools to allow states to attract and retain qualified staff; provide salary increases and benefits to child care workers; maintain healthy environments in child care centers; and purchase basic supplies and educational materials.[4]

The Relationship Between SSBG and Child Care: Mr. Chairman, while we are still on the subject of child care, I would like to emphasize the relationship between the Social Services Block Grant (SSBG) and adequate child care assistance. The SSBG Annual Report on Expenditures and Recipients for 1999 reports that:

> Twelve and a half million individuals in the country received services that were funded at least partially by the SSBG . . . Child day care, with the support of SSBG, served the largest number of recipients. Forty three states reported SSBG expenditures for child day care; 2.62 million children received day care services supported at least partially by the SSBG. In other words, nearly half of all child recipients (6.8 million [54 percent] of all recipients of the 1999 SSBG) received child day care services. **Expenditures of $397 million for child day care, the largest category of SSBG expenditures**, accounted for 13 percent of all SSBG expenditures.

In light of the critical need for child care, this report only underscores the need to restore SSBG funding to its rightful level.

Title VI—Child Welfare: S. 685 would reauthorize and provide $200 million in additional funds this year, and $1 billion over 5 years, for the Safe and Stable Families program. Funds provided under the Safe and Stable Families program can be used by states for four distinct purposes: family preservation services for children and families that are at risk or in crisis; community-based family support services to help prevent abuse or neglect; time-limited family reunification services; and adoption promotion and support activities.

Unfortunately, funding for Title IV–B services has not been significantly increased since the program was enacted in 1980, despite the growing need for services. Consider for example that, in recent years, the Federal government has placed increased emphasis on the adoption of children out of foster care. The Department of Health and Human Services just reported that almost 50,000 children were adopted from public welfare agencies in FY 2000, an almost 10 percent increase over the 46,000 adoptions in FY 1999, and an almost 39 percent increase over the 36,000 adoptions in FY 1998. We think it is incredibly positive that children are able to be adopted into loving families, rather than languish in foster care. At the same time, however, our agencies stress that these families will often need the support of post-adoptive services to ensure that the adoptions are successful. Post-adoptive services are one of a number of crucial activities funded by the Safe and Stable Families program, all of which will benefit greatly from the additional $200 million in funds proposed for fiscal year 2002.

S. 685 would also provide an additional $60 million per year for education and training vouchers for youth aging out of foster care. Each year, 20,000 young people leave the foster care system. We owe it to these children to help them obtain the education and other skills they will need to live productive lives.

We also support the additional improvements included in S. 1503, the bipartisan "Promoting Safe and Stable Families Amendments Act of 2001," introduced in the Senate last week by Senators Rockefeller and DeWine, and cosponsored by Senators Breaux, Snowe, Landrieu, Bond, Levin, Craig, Graham, Lieberman and Johnson. This bill mirrors the legislation proposed in August by the Bush Administration, and is based on proposals that the President first outlined in his campaign. Most notably, the bill would support the President's efforts to establish a program for the mentoring of children whose parents are incarcerated. The President has called for

[4] S. 1000 currently has 7 cosponsors, while H.R. 2097 has 68 cosponsors.

spending $67 million on this program, a relatively modest amount considering the urgent need.

The need for adequate resources for family preservation, family support and time-limited reunification services is underscored by the strict time limits for permanency decisions that Congress established in the Adoption and Safe Families Act (ASFA). Under ASFA, the child welfare system must make permanency decisions for any child in foster care for 15 consecutive or 15 of 22 months.[5] Consider the challenges faced by a mother who, because of a substance abuse problem, cannot properly care for her children and loses them to foster care. Obviously, the successful completion of a substance abuse treatment program is a necessary step for that mother to regain custody of her children, yet treatment resources are far inadequate to meet demand.[6] We are encouraged by the recognition in S. 1503 of the need to develop treatment models that address the needs of families struggling with substance abuse problems. These provisions are not likely to have much of an impact, however, if funding for the Safe and Stable Families program is not substantially increased.[7]

Mr. Chairman, it is our strong hope that the Finance Committee can act to ensure that the full Senate has the opportunity to pass S. 1503 before the end of the year. Reauthorization of the Safe and Stable Families program, *with the additional programs and resources requested by the Administration*, will renew our commitment to making a difference in the lives of abused and neglected children, children waiting for loving, adoptive families, young people aging out of foster care, and children of incarcerated parents. (Of course, as a technical matter, reauthorization of the program this year is critical because if the program is not reauthorized the funding will no longer be reflected in the budget baseline, and efforts to reauthorize it in subsequent years will come with a cost.)

As you consider S. 1503, we would ask you to adopt one improvement included in the Safe and Stable Reauthorization bill approved by the House Ways and Means Subcommittee on Human Resources. Specifically, we urge the Finance Committee to allow states to use Safe and Stable Families funds to support programs that allow parents who feel incapable of caring for a newborn child to relinquish custody of that child at a state-approved location shortly after birth. These state-approved locations are staffed by individuals who are qualified to ensure these newborns receive the care that they need. In exchange, as long as the child is relinquished unharmed, parents are protected from prosecution for child abandonment.[8]

Adoption Assistance Payments for Children Adopted through Non-Profit Agencies: S. 1503 also contains language to restoring adoption assistance funds for families who adopt children with special needs through private agencies like Catholic Charities. A number of Catholic Charities agencies across the country facilitate the adoption of special needs children, many of whom have been voluntarily placed with our agencies in the hope that we will find loving, adoptive families to care for them. Until this past January, adoption assistance was available to families adopting special needs children regardless of whether those children were adopted through private or public agencies. Just this past January, the Administration for Children and Families issued a policy restricting adoption assistance funds to only those special needs adoptions processed through state agencies. The policy clarification also specified that, for special needs children voluntarily placed for adoption with public agencies, adoption assistance would *only* be available for those children *adopted out of foster care.*

Such a policy flies in the face of efforts to increase the participation of faith-based organizations in providing adoption and other child welfare services. More impor-

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[5] 42 U.S.C. at 675(5)(c), 675(5)(F) (1999). In some states, the timeline for termination of parental rights is even shorter.

[6] Only ten percent of child welfare agencies report that they can successfully find substance abuse programs for mothers and their children who require treatment within thirty days. Source: Child Welfare League of America, *Alcohol and Other rug Survey of State Child Welfare Agencies*, Washington, DC (1998).

[7] Two other bills pending before the Senate address the need for additional resources to aid families in the child welfare system struggling to overcome substance abuse. Senators Olympia J. Snowe and John D. Rockefeller have introduced S. 484, the "Child Protection/Alcohol and Drug Partnership Act of 2001," which would provide funding to promote joint activities among federal, state and local child welfare and alcohol and drug abuse prevention and treatment agencies. Senators Orrin Hatch, Patrick J. Leahy, and Joseph R. Biden have introduced S. 304, the "Drug Abuse Education, Prevention, and Treatment Act of 2001," which would provide additional federal funds for substance abuse treatment programs, including residential treatment centers for women with children.

[8] This provision is based on H.R. 2018, the "Safe Havens Support Act of 2001," introduced in the House of Representatives by Rep. Melissa A. Hart, and was offered as an amendment to the Subcommittee bill by Rep. Phil English.

tant, this policy essentially forces birth parents (who have already made the agonizing decision that their child's life would be better if he or she were raised by a loving, adoptive family) to first relinquish their special needs children into foster care before they can be adopted. Our Catholic Charities agencies tell us that, without a change in the policy (or the statutes governing adoption assistance), they will cease accepting special needs children for adoption because these children may have better luck finding loving, adoptive homes if they are placed with public agencies who may be able to secure adoption assistance for their adoptive families. We strongly support the language in S. 1503 to clarify that adoption assistance funds are available for special needs children adopted through either private or public agencies, regardless of whether the child is voluntarily placed for adoption or removed from his or her home by court order.

Since January, we have been working to encourage HHS to rescind its January policy announcement and restore eligibility for adoption assistance funds for families who adopt children with special needs through private agencies. We have received support in that effort from Senators Rockefeller, DeWine, Landrieu and Chafee, and from Representatives Deborah Pryce, Dave Camp, and Ken Bentsen. We were pleased to learn last week that, after reviewing the matter, HHS Secretary Tommy Thompson has indeed decided to correct this inequity and restore eligibility for special needs children adopted through private agencies. We would be happy to work with member of the Finance Committee to determine if it is still necessary to include the language in S. 1503 designed to address this issue.

Economic Stimulus Package

Mr. Chairman, we know that Congress is currently debating an economic stimulus package, and that the Senate Finance Committee is heavily involved in those debates. On behalf of Catholic Charities USA, I urge you to ensure that the economic stimulus package include provisions to assist low-wage workers who are the first to feel the impact of an economic downturn, but are the least able to withstand its effects. In particular, it is critical that any such legislation contain long-needed reforms to the Unemployment Insurance (UI) program, and provide tax relief for those 35 million low-income Americans who saw no benefit from the tax legislation passed by Congress earlier this year. In addition, we hope that Congress will consider adding provisions to the economic stimulus package to expand health coverage for low-income workers, and to restore benefits to legal immigrants, many of whom work in the very industries that are being hardest hit by the economic slowdown.

Unemployment Insurance

While the Unemployment Insurance program is often described as the nation's first line of defense against a recession, only a minority of unemployed workers receive UI benefits, and benefit levels are well below the poverty level in many states. Congress should take immediate steps to ensure that more workers will be eligible for UI benefits and to increase benefit levels. These changes will further strengthen the ability of the UI program to counter the effects of the current economic slowdown.

First, Congress should enact a permanent change in the UI program to allow part-time workers who are laid off and meet all other eligibility criteria to receive benefits. Many individuals, including single mothers with young children or those caring for a disabled family member, are unable to work full-time. Yet their loss of income is no less devastating to their family than that of a full-time worker.

In addition, Congress should use federal funds to provide a temporary increase of at least 15 percent in the level of unemployment benefits and, for persons at the lowest benefit levels, Congress should guarantee *a minimum dollar increase* in benefits. In many states, UI benefit levels are simply inadequate, and typically replace one-half or less of a worker's earnings. A federal benefit supplement will provide unemployed workers with a more adequate benefit, and, in most cases, these funds will be immediately spent in our nation's economy.

Income Tax Rebates

The tax cut passed by Congress earlier this year provided a tax rebate of $300 per household, and $600 per married couple. Yet 35 million low-income households did not share in this rebate, or received only a partial rebate, despite the fact that they bear a heavy tax burden, including payroll taxes. These households have a much greater need for the rebate than high-income households, particularly in light of the current economic slowdown. Moreover, these households are more likely to promptly spend their rebates, providing an immediate boost to our economy.

Health Insurance

Catholic Charities USA has long advocated for the adoption of universal health coverage, which would allow all individuals to receive on-going, preventive care when they are healthy, and necessary corrective care when they are ill. Many people mistakenly believe that families living at or below the poverty level receive health care coverage through Medicaid. While that is true for low-income *children*, the same can not be said for low-income parents. Indeed, a study just released by Families USA found that 81 percent of low-income, uninsured adults do not qualify for Medicaid or other public health coverage in their states. The vast majority of the uninsured are in working families.[9]

Thanks to the efforts of the Senate, and Senators Smith, Wyden, Baucus, Snowe, and Santorum in particular, the FY 2002 budget resolution approved by both houses of Congress provided $28 billion to spend on health care for the uninsured. I realize that legislation passed in the wake of the attacks of September 11th have placed further pressure on budget resources. But Congress and members of this Committee are still considering economic stimulus legislation, and it is our strong recommendation that legislation to expand access to health insurance, particularly legislation to expand Medicaid and SCHIP to cover working parents and children with disabilities, be included in that package.

This is particularly important in light of recent studies demonstrating that providing public health coverage to parents leads to increased enrollment in public health programs by their children. When parents are included in state health programs, their kids benefit—often dramatically. As a study by the Center on Budget and Policy Priorities showed, states that expanded their public health programs to parents saw children's participation rates increase significantly, from 51 percent to 67 percent, compared to an increase of 51 percent to 54 percent in states without similar expansions.[10]

We know that there is a clear correlation between lack of insurance and access to health care. The uninsured have more difficulty obtaining primary care and access to essential medication, and have a higher rate of hospitalization for treatable conditions such as hypertension, asthma or diabetes. It is simply unacceptable that so many hard working Americans, whose daily labors make life easier for all of us, must suffer the consequences that result from being uninsured.

B. Restoration of Benefits For Legal Immigrants: Congress should also act to ameliorate some of the harshest provisions of the 1996 welfare law: those provisions barring legal immigrants who entered the country after August 22, 1996, from receiving public benefits. At a minimum, Congress should restore eligibility for Medicaid, SCHIP and food stamp benefits to legal immigrant children and pregnant women. Again, these provisions could be included in an economic stimulus package.

Under current law, pregnant women and children who are legal residents and arrived in the United States after August 22, 1996, are barred for five years from receiving Medicaid and SCHIP benefits. Pregnant women and sick children cannot wait five years to get the medical attention they need. The important goals of Medicaid and SCHIP are undermined when states are not permitted to use federal funds to provide preventive and other basic health care services to lawfully present immigrants. Senators Bob Graham, Lincoln Chafee and John McCain, and Representatives Lincoln Diaz-Balart and Henry Waxman, and have introduced the "Legal Immigrant Children's Health Improvement Act" (S. 582/H.R. 1143)[11], which gives states the option to extend Medicaid and SCHIP benefits to these women and children. Congress can lessen the chance that these children will develop long-term and chronic health problems, and instead help guarantee that they can become productive members of our society.

Similarly, a growing child's need for adequate nutrition is not lessened merely because the child is a legal immigrant. The Food Stamp Program, by supplementing the limited purchasing power of low-income households, helps to alleviate hunger and malnutrition for poor individuals and their families. While our nation as a whole is enjoying great prosperity, too many working families, including legal immigrant working families, have not shared in that prosperity. Their daily labors make life easier for all of us, but their take-home pay is often insufficient to cover rent, child care, clothing and transportation costs, and still have enough left to pay for their food. Representative James T. Walsh, and Senators Edward M. Kennedy and

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[9] "The Health Care Safety Net: Millions of People Left Uninsured," a report of Families USA, July 2001

[10] "The Importance of Family-Based Insurance Expansions: New Research Findings about State Health Reforms," Leighton Ku and Matthew Broaddus, Center on Budget and Policy Priorities, September 4, 2000.

[11] H.R. 1143 has 89 additional cosponsors, while S. 582 has 20 additional cosponsors.

James M. Jeffords have introduced the "Nutrition Assistance for Working Families and Seniors Act" (H.R. 2142/S. 583),[12] which would restore Food Stamp benefits for legal immigrants, among other provisions. Passage of the bill will ensure that these working families can provide their children with the nutrition they need for healthy development.

Efforts to restore Medicaid, SCHIP and Food Stamp benefits have broad bipartisan support and further basic notions of fairness and common sense. According to the National Academy of Sciences, the average immigrant contributes $1,800 each year more in taxes than he or she costs federal, state and local governments. Immigrants pay taxes to support services to others; they too should have access to assistance when they fall ill. In addition, the babies born to legal immigrant mothers are automatically U.S. citizens upon their birth and will immediately be eligible for federally supported health care. As has been repeatedly demonstrated, the costs of prenatal care and adequate nutrition for legal immigrant mothers will be offset by reduced Medicaid costs for their babies. Indeed, the U.S. saves $3 for every $1 it spends on prenatal care. Even more important, these newest little citizens should get a healthy start in life.

Call for Repeal of a Portion of the Tax Cut

Mr. Chairman, I know that all of the initiatives I have raised here today—those in the Strengthening Working Families bill, as well as those to provide affordable housing, health care, and other critical supports to working families—will cost money. I am also aware that federal resources were being stretched thin even before the events of September 11th, as underscored by the budget estimates released by both the Bush Administration and the Congressional Budget Office (CBO) in August. The need to pass legislation to deal with the effects of the attacks on our country—from the $40 billion in emergency appropriations, to the $15 billion bailout of the airline industry, to the as yet undetermined economic stimulus package—has only further increased those fiscal pressures.

We are not experts in tax policy. We are, however, experts in human suffering. Every day, our agencies see working parents cannot afford to put food on the table after spending so much of their income on rent and child care. They see families who must live in our shelters far from their children's schools, because there is no affordable housing available. They see individuals who have worked for years at jobs with low wages and no health care benefits, leaving them unable to afford regular medical care, and are suffering the consequences of untreated diabetes, high blood pressure and heart disease. Our experience with these working families has led us to conclude that the federal government must do more to ensure that parents can provide for their children without having to come to Catholic Charities for a handout.

We believe that the time has come for Congress to rescind some of the most expensive provisions of the recent tax cut, whose benefits inure to the wealthiest among us. Economist Gene Sperling has recently advocated that the full repeal of the estate tax, and the second and third stages of the tax cut for those in the top two percent, should be delayed in order to save $1.25 trillion. These funds could be used to produce safe and affordable housing for low-income families. They could be used to ensure that parents will not have to choose between holding down a job and caring for their children.

A recent article in the *Washington Post* showed that a majority of the American public—57 percent—would support rolling back a portion of the recent tax cut to help deal with the shrinking budget surplus. I would like to underscore that repealing these tax cuts for the wealthiest in our society in order to aid working families who are struggling to make ends meet would leave untouched tax cuts impacting 98 percent of American families—those who make less than $180,000 per year. And no individual would see his or her existing taxes raised. But millions of working families would be able to live safer, healthier, and more productive lives.

In conclusion, I want to thank this Committee for focusing attention on the growing problem of working families who simply aren't able to make ends meet. It does not seem right that families who work hard and play by the rules remain unable to save money for their children's college education, to buy their own homes, or to otherwise pursue the American dream, because they are too busy trying to keep the wolf from the door. For these families, the daily dilemmas they face are ones that are foreign to most on this Committee: Will I pay the heating bill, or buy clothes for my children? Will I pay the rent, or fix the car I need to get to work? Do I go to see a doctor for my nagging illness, when I know I will need that money to buy

[12] H.R. 2142 has 32 cosponsors, while S. 583 has 14 additional cosponsors.

food? But as workers at Catholic Charities agencies throughout the country can tell you, these dilemmas are all too real.

It is our hope that today's hearing will lead to enactment of proposals that will address the growing disparity between rich and poor, and give low-income workers the help they need to not only survive, but to thrive.

COMMUNICATIONS

STATEMENT OF THE CHILD WELFARE LEAGUE OF AMERICA

The Child Welfare League of America (CWLA) is pleased to submit testimony for the hearing on S. 685, the Strengthening Working Families Act of 2001. CWLA is an 81-year-old national association of over 1,100 public and private voluntary agencies that serve more than three million abused and neglected children and their families. CWLA member agencies provide a wide array of services necessary to protect and care for abused and neglected children, including child protective services, family preservation, family foster care, treatment foster care, residential group care; adolescent pregnancy prevention, child day care, emergency shelter care, independent living, youth development and adoption.

The Strengthening Working Families Act of 2001 (S. 685) is a comprehensive bill that seeks to address the needs of working families. In the best of times, working families can come under great stress. That stress may be from family responsibilities, demands of the job, or the common pressures faced by all families. As we all know, these hearings today are no longer being held in the best of times. Many of the pressures working families face are greater today because of a slowing economy and because of the challenges brought about as a result of the tragic events and the attack that took place on September 11, 2001.

CWLA strongly supports those provisions contained in Title VI of S. 685 that will increase annual mandatory funding for the Promoting Safe and Stable Families Program from its current level of $305 million to $505 million per year and adds $60 million per year in mandatory funds for the Title IV–E Chafee Foster Care Independence program to provide educational and vocational vouchers for youth who age out of foster care.

Support for these programs offers an opportunity for Congress and the Administration to come together in a bipartisan way to address an important need. Increased funding for these programs is in the Administration's fiscal year 2002 budget and in the Administration's draft bill, the Promoting Safe and Stable Families Amendments Act of 2001 submitted to Congress on August 8, 2001.

These provisions were also adopted into bipartisan legislation introduced in the House (H.R. 2873) on September 10, by Representatives Herger and Cardin and sponsored in the Senate (S. 1503) by Senators DeWine, Rockefeller, Bond, Craig, Graham, Levin, Breaux, Landrieu, Snowe, Lieberman, and Johnson.

We believe these recent bipartisan actions are an important vote of confidence for the Promoting Safe and Stable Families Program and the vast array of services and programs it supports across the country.

CWLA also strongly supports amending the Chafee Foster Care Independence Program by increasing funding by $60 million annually to provide educationaland vocational vouchers for young people who leave the foster care system and need help moving into adulthood.

PROMOTING SAFE AND STABLE FAMILIES PROGRAM

The Promoting Safe and Stable Families Program is an important federal source of funding for an array of services for families with children. It is one of the most significant sources of federal funding for child abuse prevention, family support, and adoption. Program funds are also set-aside for use by state child abuse and neglect courts to facilitate full implementation of the amendments made by the Adoption and Safe Families Act of 1997 (P.L.105–89). These funds enable courts to assess the impact of that law on their workloads and to increase the effectiveness of courts in achieving safe and appropriate permanent placements for children.

The Promoting Safe and Stable Families Program was created in 1993 and reauthorized in 1997 under the Adoption and Safe Families Act (ASFA). The program

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provides capped entitlement funding for states to provide services for children and families, including extended and adoptive families, who are at risk or in crisis. Funding for this program has increased from $60 million in FY 1994 to $305 million in FY 2001. Consistent with this history, S. 685 would continue this expansion by raising current mandatory funds to $505 million.

Prior to the 1997 reauthorization, at least 90% of the funds had to be used for family preservation and community-based family support services. The 1997 reauthorization added two additional categories of service: time-limited reunification services and adoption promotion and support services. Funds are allocated to states according to their relative shares of children receiving food stamps, subject to a 25% non-federal match. Of funds appropriated each year, the U.S. Department of Health and Human Services reserves $6 million for evaluation and $10 million for grants to state courts to improve their child welfare procedures. Another 1% is reserved for grants to tribal entities. States may use up to 10% of funds for administrative costs.

Family preservation services are designed to help children and families in crisis, including extended and adoptive families. Services include programs to help reunite children with their birth families, if appropriate, or place children in adoptive settings or another permanent arrangements; programs to prevent placement in foster care, including intensive family services; programs to provide follow-up services to families after a child has been returned from foster care; and services to improve parenting skills.

Family support services include a broad spectrum of community-based activities that promote the safety and well-being of children and families. Intended to assist families not yet in crisis, these services include structured activities involving parents and children, respite care services for parents and caregivers, parenting skills training, and information and referral services. Programs may also include services outside the traditional scope of child welfare, such as health care, education, and employment.

Time-limited reunification services are intended to address the needs of children and families who are involved in the foster care system. Services are provided within 15 months of when the child entered foster care. Reunification services for the child and family include counseling, substance abuse treatment, mental health services, assistance to address domestic violence issues, temporary child care, and transportation services.

Adoption services were also added as a category of eligible services in the 1997 reauthorization. Aimed at encouraging an increase in the adoption of children in foster care, these services can be used to help children and families prepare for adoption and address their post-adoptive needs.

CHAFEE FOSTER CARE INDEPENDENCE PROGRAM

The expansion of the Chafee Foster Care Independence program is also an important part of S. 685. Educational and vocational vouchers would assist young people transitioning from foster care. Approximately 16,000 youth age out of foster care each year. These are young adults who grew up in foster care and were never adopted and who now are attempting to transition to adulthood and self-sufficiency. The $60 million in mandatory funds allocated would provide educational and vocational vouchers to these young men and women. In addition to being available to young people age 18 through 21, these dollars would remain available through age 23 for youth who were enrolled in a full-time course of study and making progress toward completion.

CHILD WELFARE TRAINING

CWLA also strongly supports Section 236 of this legislation that would allow private agencies access to federal training funds under Title IV–E of the Social Security Act.

Training caseworkers and others involved in protecting and caring for abused and neglected children is vital to assessing whether a child can remain at home safely or should be removed. Often, if a child is to remain home, workers must make crucial decisions about what services are needed to ensure the child's continued safety and strengthen parental capacity. If a child is placed in foster care, workers must evaluate whether the child should return home or move to another permanent living situation.

Research affirms that adequate training ensures workers, supervisors, caregivers, and special advocates have the skills to make the best decisions about child safety and well-being and to carry out those decisions. Inadequately trained staff are ill equipped to evaluate and make decisions about potentially life-threatening situa-

tions. This need for training applies to all workers regardless of where they work. We hope Congress will work to include this provision in any final child welfare legislation.

SOCIAL SERVICES BLOCK GRANT

CWLA strongly supports Title IV of S. 685 that would restore funding for the Social Services Block Grant (SSBG). CWLA has been at the forefront of efforts to increase funding to address child protection, adoption and foster care services. We strongly support other bipartisan legislation introduced in both the Senate and the House (S. 501 and H.R. 1470) that would restore SSBG funding to $2.38 billion annually. We hope this Subcommittee and members of the Senate will make every effort to restore SSBG by either passing legislation or by approving $2.38 billion in funding for SSBG in the fiscal year 2002 Labor, Health and Humans Services and Education appropriations bill. As part of the SSBG Coalition, we concur with the testimony submitted by the Coalition and support the recommendations made in that testimony.

CWLA supports efforts to make child well-being a greater national priority as reflected in S. 685. We welcome the expansion in funding for the Promoting Safe and Stable Families Program, the expansion of the Chafee Foster Care Independence Program, the extension of federal funding to train workers in private child welfare agencies, and the restoration of funding for SSBG.

STATEMENT OF M.A.R.C.H., INC. (MEDIATION ACHIEVING RESULTS FOR CHILDREN)

[SUBMITTED BY LISA PAGE, PRESIDENT, AND LARRY SWALL, EXECUTIVE DIRECTOR]

Introduction

On behalf of M.A.R.C.H., Inc. (Mediation Achieving Results for Children), we appreciate the opportunity to submit this statement for the record regarding fatherhood initiatives contemplated by the proposed legislation, especially as they pertain to the goal of increasing the involvement of fathers in the lives of their children.

M.A.R.C.H. is a Missouri not-for-profit organization that provides free mediation services to divorced and never-married, separated parents to help them reach agreement on issues such as parenting time, custody and child support. The program is funded primarily through the Missouri Department of Social Services, Division of Child Support Enforcement. It aims to help parents resolve child-related disputes cooperatively, in the best interest of their children, by giving parents an opportunity to discuss their conflicts in a neutral and safe environment.

A history of parental conflict and communication problems in separated families are often enough to discourage non-custodial fathers from contacting their children. In our experience, the opportunity to have a trained, impartial third party available to help parents communicate respectfully and clearly about their children has been an important tool to remove barriers that keep many fathers from reaching out.

Because decisions in mediation are made by the parties and not by the mediator, parents typically feel more invested in agreements they reach on issues about their children. The experience of communicating in a respectful manner also enables parents to improve their ability to communicate with each other in the future. We believe that mediation greatly increases the involvement of fathers in their children's lives. In our opinion, for many fathers, mediation should be considered one of the essential tools necessary to become a responsible father.

Evaluation Findings

An evaluation of M.A.R.C.H., dated October 30, 2000, was prepared for the Missouri Department of Social Services, Division of Child Support Enforcement by the Center for Family Policy and Research at the University of Missouri.[1] The evaluation makes clear that both fathers and mothers highly value the program's services,[2] and that agreements are being reached in 75 percent of the mediations.[3]

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[1] Evaluation of Mediation Achieving Results for Children (M.A.R.C.H.), Prepared for the Missouri Department of Social Services, Division of Child Support Enforcement, by Kathryn L. Fuger, Ph.D. and Melissa Todd, B.A., Center for Family Policy and Research, University of Missouri. October 30, 2000.

[2] See id. at 56. A large majority of mothers and fathers give very high ratings to these aspects of mediation: discussion of the issues; respect shown by mediators; and mediator explanations of the mediation process.

[3] See id. at 13.

Roughly two-thirds of the time, fathers make the call inquiring about mediation.[4] At intake, non-custodial fathers report varying degrees of contact with their children: approximately 31 percent of fathers see their children more often than two or three times per month; over 21 percent of fathers see their children two or three times per month; about 32 percent of fathers see their children between once a month and once every two years; and about 16 percent of fathers have never seen their child or have only seen their child once in the child's lifetime.[5] At intake, median income for fathers is reported in the range of $1,000 to $1,499 per month and for mothers as $500 to $999 per month. This includes 15 percent of fathers and 26 percent of mothers with no cash income.[6] The median educational level for both mothers and fathers is a high school diploma or GED.[7] The hopes parents express for mediation typically concern "what's best for the children." Custodial parents often desire that the children have more time with the non-custodial parent.[8]

Mediators indicate that when it is an issue, agreement about the non-custodial parent's contact with the child is reached about two-thirds of the time, with access increased two-thirds of the time and rarely decreased.[9] In addition, parents report their interaction to be significantly improved in the following ways after mediation (compared to their assessment at intake): increased ease of communication; increased ability to resolve issues concerning the children; and slightly decreased conflict.[10]

Quality Control

The results we have achieved for families in Missouri have been made possible in part by a focus on providing high quality mediation services. Mediators who contract with M.A.R.C.H. are required to comply with the provisions of our Policy Manual,[11] which sets out training and other requirements that mediators must meet. Several policies refer to the Model Standards of Practice for Family and Divorce Mediation adopted by a broadly representative group of organizations of mediation professionals (August, 2000), which are included in the Appendix.[12] Mediators are required to have completed a forty-hour training program recognized by the Academy of Family Mediators (recently merged into the Association for Conflict Resolution) or otherwise approved by M.A.R.C.H. Mediators receive six hours of orientation in M.A.R.C.H. policies and procedures, and are required to complete an additional six hours of mediation training annually, either through training offered by M.A.R.C.H. or comparable training approved by M.A.R.C.H. In addition, a mentoring process requires new mediators to observe, co-mediate and mediate in a total of six mediations with an experienced mediator and be evaluated as qualified before being assigned cases on their own.[13] Mediators are required to have professional liability insurance and to certify every year to M.A.R.C.H. that insurance coverage is current as part of their annual contract renewal process.[14] Our complaint policy requires that any complaint about a mediator be reported to both the President and the Executive Director within 24 hours of its receipt. A procedure for prompt follow up and a committee's ability to review a mediator's suitability allows a range of responses, including termination of the mediator's contract with M.A.R.C.H.[15]

Domestic Violence Concerns

We definitely believe that mediation is not appropriate in every situation.Our Policy Manual contains a comprehensive domestic violence policy.[16] This policy includes the following excerpt from the Report of the Academy of Family Mediators Task Force on Spousal and Child Abuse entitled "Mediation of Family Disputes Involving Domestic Violence:"[17]

> "Mediators and mediation services have an ethical duty to assure that mediation occurs in a safe environment and that the process goes forward only if both parties have the ability to mediate safely, autonomously, and free from any

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[4] See id. at 18.
[5] See id. at 34.
[6] See id.
[7] See id.
[8] See id. at 35.
[9] See id. at 65.
[10] See id. at 56.
[11] M.A.R.C.H. Policy Manual.
[12] See id. at Appendix C.
[13] See id. at 33–34.
[14] See id. at 35.
[15] See id. at 37–38.
[16] See id. at 16–23.
[17] See id. at Appendix D–2, 1–3.

intimidation. The parties must be capable of reaching outcomes satisfactory to both of them,voluntarily and with informed consent."[18]

We applaud the provision in the proposed legislation requiring entities administering fatherhood programs to consult with representatives of state and local domestic violence centers, and we would encourage an even more structured relationship. We have gained immeasurably by the participation of a domestic violence expert who was designated to the M.A.R.C.H. Advisory Committee by the Family Law Section of the Missouri Bar Association. This attorney, who works full-time for the Missouri Coalition Against Domestic Violence, chairs the Domestic Violence Subcommittee of our Board's Program Quality Committee and was principally responsible for the comprehensive domestic violence policy that was adopted by our Board of Directors.

Detailed screening requirements are a key part of our policy, with the ethical duty spelled out above as a guide. Intake specialists ask every parent several questions to determine if there is any history of domestic abuse.[19] At intake, approximately 13 percent of mothers and 6 percent of fathers express some concern about being in the same room with the other parent. In addition, 60 percent of mothers and 40 percent of fathers acknowledge that there is a history of physical or verbal intimidation during their relationship.[20]

The high percentage of parents who acknowledge the existence of a history of intimidation at some point in their relationship is a measure of how important it is to discover any current or potential feelings of intimidation during the screening process. We believe that we have developed an effective and responsible way to proceed in this regard, and we urge that standards be developed to require similar procedures in the implementation of the proposed legislation. We would be happy to share our experience with anyone involved in such an effort.

Under our policy, if a parent indicates a history of abuse, the intake specialist asks nine additional questions from a specialized Tolman screening questionnaire regarding domestic abuse and writes the answers on a form.[21] If the parent chooses to mediate, a copy of this form is forwarded with the intake forms to the mediator for further screening regarding potential intimidation and the voluntary nature of the parent's choice.[22]

Parents who express a history of abuse receive specific information under our policy. It is emphasized to them that mediation is completely voluntary and that there is no requirement that an agreement be reached simply because the parent chooses to mediate. In addition, parents are told that there are alternatives to being in the same room with the other parent, including telephone mediation, and even separate telephone mediation sessions.

Parents are told that if they choose to be in the same room, the mediator will not leave them alone with the other parent and they will have an opportunity to arrive and leave at different times than the other parent.[23] Parents are told that they can bring a support person, including an attorney, to the mediation session. If a parent chooses to do so, the other parent is offered the same opportunity. Parents are also told that the mediator will monitor the process to determine that they are able to communicate on an equal basis with the other parent in asserting their needs and those of their children. They are told that if the mediator or a parent determines that the parent is unable to participate on an equal basis, free from intimidation, the mediator will terminate the mediation in a manner that best promotes the parent's safety.[24]

Parents are strongly encouraged to consult with attorneys prior to mediation and especially before an agreement is finalized.[25] If a parent chooses to mediate, there are guidelines in the policy for mediators to follow to promote safety and a balance of power between the parties.[26] There are also guidelines for termination of mediation when appropriate.[27]

Training is another key component of our domestic violence policy. In addition to the four hours of domestic abuse content that must be included in the basic forty-hour training, mediators who wish to qualify to receive referral of cases with a known history of domestic abuse must complete eight hours of advanced training

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[18] See id. at 20, and at Appendix D–2, 2.
[19] See id. at 18.
[20] See Evaluation, supra, note 1 at 34.
[21] See M.A.R.C.H., supra, note 11 at Appendix F–14.
[22] See id. at 19–20.
[23] See id. at 19.
[24] See id.
[25] See id. at 21.
[26] See id.
[27] See id. at 22.

in domestic abuse issues in training approved by M.A.R.C.H.[28] Training requirements specify 12 areas to be included in such training.[29]

Funding

During our most recent program year, ending in September, 2001, our program received approximately 1,700 inquiries and completed over 800 mediations.The program provides services in only 13 of Missouri's 45 judicial circuits, encompassing 24 of the state's 115 counties (and not including the City of St. Louis).

An additional seven judicial circuits have requested M.A.R.C.H. services, but the increase requested by the Division of Child Support Enforcement during the coming program year was not able to be funded by the Missouri legislature due to the state's budget limitations. Our program's supporters are hoping that the Responsible Fatherhood provisions of the Strengthening Working Families Act of 2001 will be a source of additional funding to allow M.A.R.C.H. to help many more fathers to become responsible, involved parents.

Conclusion

For many fathers, the availability of mediation services can remove barriers that keep them from reaching out to contact their children. The mediation process is shown to be successful in helping parents reach agreements about their children, improve their communication and reduce their conflict. It also increases the involvement of non-custodial fathers in their children's lives. We believe that mediation should be considered a key tool in the efforts to promote responsible fatherhood. We urge that funding for this purpose be made widely available.

We appreciate the opportunity to submit this statement.

STATEMENT OF THE CENTER FOR LAW AND SOCIAL POLICY

[SUBMITTED BY VICKI TURETSKY, SENIOR STAFF ATTORNEY]

Chairman Breaux and Members of the Subcommittee:

I am a Senior Staff Attorney at the Center for Law and Social Policy. CLASP is a nonpartisan, nonprofit organization engaged in analysis, technical assistance and advocacy on issues affecting low-income families. We do not receive any federal funding. My focus at CLASP is child support.

My written testimony is in support of S. 685, and specifically the child support distribution provisions of that legislation. Many poor fathers and mothers are capable of building workable partnerships to help each other support and raise their children. However, in many studies, poor mothers and fathers of children receiving TANF cash assistance say there is a fundamental contradiction in the child support system that undermines their ability to work together to support their children. The contradiction is that when a TANF father contributes financial support to his children, the money must be turned over to the state and is not paid to his children. S. 685 would help families and fathers support their children by treating child support as the family's money and the father's contribution to his children.

SUMMARY

S. 685 will help low-income working families. S. 685 would allow states to pay more child support directly to welfare and former welfare families, and bring child support rules into line with the family self-sufficiency goals of the 1996 welfare law. S. 685 also includes a number of provisions that would help working families, including funding for fatherhood programs, an Earned Income Tax Credit expansion for larger families, restoration of the Social Services Block Grant, reauthorization and expansion of the Promoting Safe and Stable Families and Chafee Foster Care Independence programs, and support for employer-sponsored child care.

Child support can be an important addition to family budgets—but only if the family gets it. To the extent that fathers work and pay child support, their children often are able to escape poverty. When poor families get child support, the support amounts to over one-fourth of the family budget—the family's next largest income source after the custodial parent's paycheck. Yet when families go on welfare, they assign (or turn over) their rights to child support to the state. Consequently, child support rules often result in government, not families, keeping child

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[28] See id. at 22–23 and 33.

[29] See id. at 22–23.

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support paid by the fathers of children receiving assistance.[1] Even after families leave welfare, many of the payments are kept by the state as reimbursement for welfare costs. By allowing custodial parents to include the child support in their budgets, distribution reform would help families get off of welfare and stay off.

The support paid by fathers should go to their children. When low-income noncustodial parents pay child support, the children often do not see the money. Because the money is kept by the state and does not go to the children, non-custodial parents sometimes are driven into the underground economy and avoid paying formal child support. However, if the money goes to their children, these parents may be more likely to support and stay involved with their children. Research from Wisconsin indicates that when child support is passed through to the families and directly benefits the children, parents are more willing to establish paternity and pay ongoing support. The government should recognize that child support represents a father's contribution to his children, and should not treat them as government revenues.

BACKGROUND

Distribution Rules Often Result in Government, not Families, Keeping Child Support

Title IV–D of the Social Security Act created a joint federal-state program to establish and enforce the obligation of non-custodial parents to financially support their children. Nearly two-thirds of all child support cases in the country are processed through the public child support (IV–D) program.

The child support program is one of the largest human services programs, reaching low-income mothers, fathers, and children. The largest group of families served by the child support program are welfare leavers. The second largest group are other low-income working families who do not receive welfare. Only 20 percent of families in the state child support caseload are current TANF assistance recipients.

The child support program originally was set up to reimburse federal and state welfare costs under the old Aid to Families with Dependent Children (AFDC) program. As a condition of receiving assistance, welfare families must assign (sign over) their rights to child support and to cooperate with the child support program in establishing paternity and obtaining support.[2] Assigned child support collections are not paid to the families, but instead are retained by states as partial reimbursement for welfare benefits. The welfare collections are shared with the federal government, and treated as government revenues.

Although states may spend their share of welfare collections without restriction, most states choose to allocate these revenues to the human services budget. Most states spend their state share of welfare collections to meet their state Maintenance of Effort (MOE) obligation required to draw down federal funds under the Temporary Assistance to Needy Families (TANF) program. About one-third of the states use some or all of their welfare collections to help pay for the state share of matching funds for the child support program.

Child support distribution rules (which determine whether the state or the family keeps collected support) apply to both current and former welfare families. Under welfare reform, the child support distribution rules were amended to allow former TANF families to keep more of the collected child support due before the family began receiving cash assistance. This modified the old AFDC requirement that families relinquish all rights to support that became due before and during a family's assistance period. Under the 1996 rules, the basic approach is that support that is owed while the family receives TANF cash assistance belongs to the state, while support owed while the family is off of welfare belongs to the family. This approach is commonly called the "on-off" rule.[3]

However, there are several statutory exceptions to the basic on-off rule created in 1996. These exceptions allow states to keep significant amounts of support paid on behalf of families who are no longer receiving cash assistance. The main exception is that support recouped from federal tax refunds are kept by the state, even if collected when the family has left welfare. The federal tax offset procedure is the only collection method that results in the state, rather than the family, keeping the money once the family has left assistance. If the support is collected through a state tax offset, bank account seizure, or other collection method, the money goes to the

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[1] Since most custodial parents are mothers and most non-custodial parents are fathers, this discussion uses the term mother interchangeably with custodial parent and father to refer to a non-custodial parent. The situation can be, and sometimes is, reversed. About 15 percent of custodial parents are fathers.

[2] 42 U.S.C. §608(a)(3) (1999).

[3] 42 U.S.C. §657 (1999).

family. But if the support is collected through a federal tax offset, the money is kept by the state. (If the family is currently receiving assistance, the state keeps the money under the on-off rule, regardless of collection method.) Although the federal tax offset exception sounds obscure, its impact is not small. Support collected through the federal tax offset procedure totals more than half of the welfare arrears collected by the state.

Another exception to the on-off rule is that the state has a claim on support that was owed before the family went on welfare ("pre-assistance arrears"). Requiring families to assign their pre-assistance arrears also reduces the amount of support paid to families when they leave welfare. As a condition of receiving assistance, families must turn over their right to any support that is owed to them. This includes support that is owed from the months and years before the family applies for welfare, as well as the support that becomes due while the family is receiving welfare . This means that families who tried to hold out the longest before going on welfare can lose all the pre-assistance support owed to them when they start receiving assistance. Even after the family leaves welfare, the state retains its claim to pre-assistance arrears.

The 1996 distribution provisions that created the basic on-off rule were intended to get more money in the hands of former welfare families. However, the exceptions to that rule are the uneasy result of legislative compromise between contradictory program goals of helping families become self-sufficient and recovering welfare costs. As a result, the distribution rules are extremely complicated and costly to computerize and administer, requiring states to track several different payment types, depending upon status, time period, and collection method—"assigned" current support; "never assigned" current support; "permanently assigned" arrears; "temporarily assigned" arrears; "conditionally assigned" arrears; "unassigned pre-assistance" arrears; "unassigned during-assistance" arrears; "never-assigned" arrears. One expert estimates that 6–8 percent of all child support program costs—up to $360 million per year—are attributable to maintaining existing distribution rules.

The 1996 welfare reform law also eliminated the federal requirement that the state pay the first $50 of collected child support to families currently receiving TANF assistance. Known as the "$50 pass-through," the child support income was "disregarded," or not counted, in calculating the amount of welfare benefits paid to the family. This meant that families received their full welfare check along with the first $50 of child support. While the 1996 law gave states the option to pass through support to families, states must still repay the federal share. In other words, the state, and not the federal government, bears the entire cost of any support passed through to families. Less than half of states have chosen to continue or increase the pass-through on those terms.[4]

Early results from federal demonstration waiver projects in Wisconsin and Vermont to distribute all current support to families receiving TANF assistance indicate that fathers pay more child support and more fathers pay support. In Vermont, early results indicated that the state's pass-through policy increased the average child support payment and the proportion of parents paying child support. In Wisconsin, researchers found a substantial difference in payments among parents who were new to the welfare system, and had not paid support under the old rules: among those cases in which the mother had not received AFDC during the prior two years, 58 percent of fathers paid child support, compared to only 48 percent of fathers whose children had received AFDC. Researchers also found that fathers were more willing to establish paternity.

Child Support Makes a Difference to Low-Income Families.

Under welfare reform, mothers are expected to work and use their earnings to support their children. Under welfare reform, fathers also are expected to work and contribute to their children's support. By strengthening child support, policy makers recognized that poor and low-income children need the support of both parents. To the extent that fathers have the ability to pay, strengthened child support policies under welfare reform will mean that more low-income families will be able to leave welfare and sustain low-wage employment.

Next to earnings, child support is the second largest income source for poor single female-headed families receiving child support.[5] For poor families who get child sup-

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[4] For a list of state pass-through policies, *see* Paula Roberts, *State Policy re Pass-through and Disregard of Current Month's Child Support Collected for Families Receiving TANF-Funded Cash Assistance* (Washington, DC: CLASP, 1999), posted at www.clasp.org.

[5] Earnings are 38%, cash assistance is 20%, and other income is 16% of the budgets of poor families receiving child support. See Elaine Sorenson and Chava Zibman, *To What Extent Do Children Benefit from Child Support?* (Washington, DC: Urban Institute, Jan. 2000).

port, the child support amounts to 26 percent of the family's budget, or $2000 per year. When families headed by single mothers get at least some child support during the year, their poverty rate drops significantly. Families who receive child support are substantially less likely to return to welfare than families who do not receive support. Child support is complementary to work in that it helps increase single mothers' labor force participation, stabilizes and supplements low-wage earnings, and does not decline when the mother's earnings increase. If low-income single mothers receive child support, they often can forego a second or third part-time job.

Child support has a dual quality, important not only as cash income, but as a way to encourage paternal involvement. Just as a job is about more than a paycheck, child support is about more than money. A father's good faith effort to pay child support carries with it symbolic meaning about his capacity to care for and take care of his children. The stakes are high for all members of the family. For fathers, it represents his basic commitment to his children. For mothers, it is evidence that the father will back her up. For children, it means that their father has put them first.

Regular payment of child support appears to be linked to increased paternal involvement and improved child outcomes. In addition, paternal relatives may be more available as a back-up system for child care and family emergencies when fathers are involved and pay support, an important resource for single mothers working nontraditional hours and relying on multiple care givers. While domestic violence is a problem for some families, many mothers report that they encourage their children's emotional relationship with their father and his family, and try to keep the father involved in the children's lives when feasible.

Researchers in Wisconsin pass through demonstration found intriguing hints in the data that paying child support directly to families helps families in a variety of ways. For example, the evidence suggests that there was less conflict between the parents, that families were able to secure better child care arrangements, and that teenagers did better in school and stayed out of trouble more often.

Child support can be a powerful tool to help strengthen families, financially and emotionally. A growing body of research indicates that effective child support programs are linked to reduced welfare caseloads, reduced poverty rates, reduced divorce rates, reduced nonmarital birth rates, and improved child outcomes such as education.

Cost Recovery Rules Work Against Low Income Families and Fathers.

Existing child support distribution rules make no sense to many poor mothers and fathers. Parents want to be able to use their own money to support their children. Yet poor mothers and fathers both know that unless the father can pay enough to keep their children off of TANF, his support payments will be kept by the state as recovered welfare costs, and will not directly benefit the children.

Poor fathers and mothers who want to improve their children's lives, but can not fully support their children without some public help often find themselves in an untenable situation. The research indicates that poor mothers and fathers sometimes agree to informal contributions that by-pass the formal child support system. Many mothers and fathers are aware of each other's economic circumstances, and repeatedly re-negotiate their financial arrangements. Sometimes she holds back on formal enforcement. Sometimes, he pays informal financial support for the children. Sometimes, he does not pay regular support, but makes irregular in-kind contributions, such as diapers, school clothes, and Christmas gifts. Sometimes, he pays out of both pockets—he pays off the state a little and he pays her a little. Sometimes she settles for non-financial support. Sometimes, they fight about the money. Sometimes, he walks away.

Yet no one is well served when parents agree to under-the-table payments and avoid the formal child support system. If a TANF mother accepts informal support from the father, she is vulnerable to a welfare fraud prosecution. In addition, informal payments are made at the discretion of the father. Informal payments are likely to be smaller and less regular, and there may be more disputes about the amounts paid. Payments are likely to decrease as the child gets older and the parents' relationship deteriorates. If a TANF father pays the mother informal support, his payment will not be credited through the formal system, and he will be liable for a growing arrearage balance. And, fundamentally, if the child support rules work against mothers and fathers, the child support system will lack integrity.

Helping Families Make the Transition Off of TANK

Most poor children are not in the welfare system. Fewer families are applying for welfare benefits, and most of the families that have left welfare are now employed. However, much of that employment involves jobs that pay wages near the poverty

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line. When families do enter the welfare system, they often combine welfare and work, and leave welfare within a few months. When families receive regular child support, they are more likely to make it in the job market and less likely to return to welfare. The research shows that the timely receipt of child support payments is critical to the family's ability to remain off of welfare during the first few months after TANF exit.

However, the sheer complexity of the distribution rules result in some states improperly keeping child support that belongs to families. The HHS Office of Inspector General (OIG) found that in half of the six study sites, about 30 percent of custodial parents experienced delays in getting child support or were underpaid their support. Eleven of 51 states survey by the OIG cited difficulties accurately transferring child support payments to families who have left TANF cash assistance.[6] The distribution rules heighten the vulnerability of states to audit problems. At this time, a number of states are facing distribution lawsuits.

Problems with automating complicated distribution rules have been cited by many federal and state administrators as a contributing cause of computer systems delays and costs. The new rules require disproportionate training and staff time devoted to administering the rules, correcting errors, and explaining hard-to-understand decisions to parents. Because the rules are so difficult to explain and administer, they erode confidence in the program's fairness and accuracy.

Simplicity, not complexity, must be the basic principle behind distribution rules. The simplest distribution rule is to treat all child support as support for children and income to the family. Researchers studying the Wisconsin demonstration to pass through all current support to families receiving W–2 assistance are finding important administrative advantages to a very simple distribution system.

Treating Child Support as Support for Children.

There is solid support within the child support community for distribution reform. While there are a number of approaches to addressing distribution, there is widespread agreement that reform is needed. In addition to S. 685, Sen. Kohl and Sen. Snowe both introduced distribution reform legislation as S. 916 and S. 918. Last session, the House passed H.R. 4678, the Child Support Distribution Act of 2000, by a vote of 405–18. This session, similar legislation has been reintroduced in the House as H.R. 1471. The Senate Finance Committee should pass S. 685 out of committee, and the Senate should pass the legislation this session because:

- A child support policy that builds on the earnings of both parents sends the clearest message about parental responsibility and avoids welfare costs. However, distribution rules that emphasize cost recovery instead of family support undermine the efforts of poor mothers and fathers who want to use their own money to support their children.
- Child support should be part of a self-sufficiency strategy to help families leave TANF and maintain employment. Receipt of child support is especially critical to help families stabilize their incomes in the first few months after TANF exit. However, existing distribution rules withhold child support from welfare leavers and make it more likely that families will return to the welfare rolls.
- Research has shown that there is a two-way connection between child support and paternal involvement. Yet distribution rules that emphasize cost recovery increase family conflict and discourage the poorest fathers from staying connected to their children.

CONCLUSION

Child support should be treated as the family's money, not the state's money. States should be allowed to simplify complicated distribution rules that emphasize cost recovery and adopt child support policies that strengthen families. S. 685 provides the states with the policy and funding flexibility to help them reform distribution rules. We urge the Senate Finance Committee and the Senate to act on S. 685 this year.

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[6] HHS Office of Inspector General, *Distributing Collected Child Support to Families Exiting TANF*, OEI–05–01–00220 (Oct. 2001).

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